OFFICIAL STATEMENT DATED JUNE 15, 2021

NEW ISSUE – Book-Entry-Only

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

In the opinion of Bond Counsel, under existing law, interest on the 2021A Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

THE 2021A BONDS WILL **NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$31,820,000
CITY OF ARLINGTON, TEXAS
(Tarrant County, Texas)
Permanent Improvement Bonds, Series 2021A

Dated: June 1, 2021 **Due: August 15, as shown below**
Interest to accrue from the Delivery Date.

The $31,820,000 City of Arlington, Texas, Permanent Improvement Bonds, Series 2021A (the " 2021A 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. 2021A Initial Purchasers will not receive certificates representing their interest in the 2021A Bonds purchased. Interest on the 2021A Bonds will accrue from the date of their delivery to the 2021A Initial Purchasers (the "Delivery Date") and will be payable on February 15 and August 15 of each year, commencing February 15, 2022.

MATURITY SCHEDULE

(August 15) Maturity	Amount	Interest Rate	Yield	CUSIP[1]	(August 15) Maturity	Amount	Interest Rate	Yield	CUSIP[1]
2022	$ 1,595,000	5.000%	0.060%	041796YA5	2032	$ 1,590,000	4.000%	1.010% [2]	041796YL1
2023	1,595,000	5.000%	0.100%	041796YB3	2033	1,590,000	3.000%	1.210% [2]	041796YM9
2024	1,595,000	5.000%	0.200%	041796YC1	2034	1,590,000	3.000%	1.230% [2]	041796YN7
2025	1,595,000	5.000%	0.330%	041796YD9	2035	1,590,000	3.000%	1.260% [2]	041796YP2
2026	1,590,000	5.000%	0.430%	041796YE7	2036	1,590,000	3.000%	1.290% [2]	041796YQ0
2027	1,590,000	5.000%	0.560%	041796YF4	2037	1,590,000	2.000%	1.670% [2]	041796YR8
2028	1,590,000	5.000%	0.680%	041796YG2	2038	1,590,000	2.000%	1.710% [2]	041796YS6
2029	1,590,000	5.000%	0.800%	041796YH0	2039	1,590,000	2.000%	1.750% [2]	041796YT4
2030	1,590,000	5.000%	0.910%	041796YJ6	2040	1,590,000	2.000%	1.800% [2]	041796YU1
2031	1,590,000	5.000%	0.970% [2]	041796YK3	2041	1,590,000	2.000%	1.840% [2]	041796YV9

[1] CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the initial purchasers of the 2021A 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 Services. Neither the City, the Financial Advisor, nor the 2021A Initial Purchasers are responsible for the selection or correctness of the CUSIP numbers set forth herein.

[2] Yield calculated based upon the assumption that the 2021A Bonds designated and sold at a premium will be redeemed on August 15, 2030, the first optional redemption date for the 2021A Bonds, at a redemption price of par plus accrued interest to the redemption date.

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.

Separate Issues. The 2021A Bonds are being offered by the City concurrently with the "City of Arlington, Texas, Permanent Improvement Refunding Bonds, Series 2021B" (the "2021B Bonds"). The 2021A Bonds and 2021B Bonds are being offered under a common Official Statement and are hereinafter sometimes referred to collectively as the "Bonds." The 2021A Bonds and 2021B Bonds are separate and distinct securities offerings being issued and sold independently. While the 2021A Bonds and 2021B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features (see "THE BONDS – General").

Optional Redemption. The City reserves the right, at its option, to redeem the 2021A Bonds having stated maturities on and after August 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple therefore, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Legality. The 2021A Bonds are offered for delivery when, as and if issued and received by the initial purchasers of the 2021A Bonds (the "2021A Initial Purchasers"), subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Bracewell LLP, Dallas, Texas, Bond Counsel (see APPENDIX C "Forms of Bond Counsel Opinions"). Certain legal matters will be passed upon by West & Associates, L.L.P., Dallas, Texas, Disclosure Counsel.

Delivery. It is expected that the Bonds will be delivered through the facilities of DTC on or about July 14, 2021 (the "Delivery Date").

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OFFICIAL STATEMENT DATED JUNE 15, 2021

NEW ISSUE – Book-Entry-Only

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

In the opinion of Bond Counsel, under existing law, interest on the 2021B Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS" for a discussion of the opinion of Bond Counsel.

THE 2021B BONDS WILL **NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$8,325,000
CITY OF ARLINGTON, TEXAS
(Tarrant County, Texas)
Permanent Improvement Refunding Bonds, Series 2021B

Dated: June 1, 2021 **Due: August 15, as shown below**
Interest to accrue from the Delivery Date.

The $8,325,000 City of Arlington, Texas, Permanent Improvement Refunding Bonds, Series 2021B (the "2021B 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 2021B Bonds. Individual purchases will be made in book-entry form only, in principal amounts of $5,000 or multiples thereof. 2021B Initial Purchasers will not receive certificates representing their interest in the 2021B Bonds purchased. Interest on the 2021B Bonds will accrue from the date of their delivery to the 2021B Initial Purchasers (the "Delivery Date") and will be payable on February 15 and August 15 of each year, commencing August 15, 2021.

MATURITY SCHEDULE

(August 15) Maturity	Amount	Interest Rate	Yield	CUSIP[1]
2021	$ 155,000	5.000%	0.100%	041796YW7
2022	805,000	5.000%	0.100%	041796YX5
2023	815,000	5.000%	0.130%	041796YY3
2024	815,000	5.000%	0.230%	041796YZ0
2025	815,000	5.000%	0.350%	041796ZA4
2026	820,000	5.000%	0.460%	041796ZB2
2027	820,000	5.000%	0.590%	041796ZC0
2028	820,000	5.000%	0.720%	041796ZD8
2029	820,000	5.000%	0.850%	041796ZE6
2030	820,000	5.000%	0.970%	041796ZF3
2031	820,000	4.000%	1.080% [2]	041796ZG1

[1] CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the initial purchasers of the 2021B 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 Services. Neither the City, the Financial Advisor, nor the 2021B Initial Purchasers are responsible for the selection or correctness of the CUSIP numbers set forth herein.

[2] Yield calculated based upon the assumption that the 2021B Bonds designated and sold at a premium will be redeemed on August 15, 2030, the first optional redemption date for the 2021B Bonds, at a redemption price of par plus accrued interest to the redemption date.

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.

Separate Issues. The 2021B Bonds are being offered by the City concurrently with the "City of Arlington, Texas, Permanent Improvement Bonds, Series 2021A" (the " 2021A Bonds"). The 2021A Bonds and 2021B Bonds are being offered under a common Official Statement and are hereinafter sometimes referred to collectively as the "Bonds." The 2021A Bonds and 2021B Bonds are separate and distinct securities offerings being issued and sold independently. While the 2021A Bonds and 2021B Bonds share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features (see "THE BONDS – General").

Optional Redemption. The City reserves the right, at its option, to redeem the 2021B Bonds having state maturities on August 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption to the date of redemption.

Legality. The 2021B Bonds are offered for delivery when, as and if issued and received by the initial purchasers of the 2021B Bonds (the "2021B Initial Purchasers"), subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Bracewell LLP, Dallas, Texas, Bond Counsel (see APPENDIX C "Forms of Bond Counsel Opinions"). Certain legal matters will be passed upon by West & Associates, L.L.P., Dallas, Texas, Disclosure Counsel.

Delivery. It is expected that the Bonds will be delivered through the facilities of DTC on or about July 14, 2021 (the "Delivery Date").

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").
THE BONDS......................................	The $31,820,000 City of Arlington, Texas Permanent Improvement Bonds, Series 2021A (the "2021A Bonds"), dated June 1, 2021, will be issued as serial bonds maturing on August 15 in each of the years 2022 through 2041 (see "THE BONDS - General").
	The $8,325,000 City of Arlington, Texas, Permanent Improvement Refunding Bonds 2021B Bonds (the "2021B Bonds," and, together with the 2021A Bonds, the "Bonds"), dated June 1, 2021, will be issued as serial bonds maturing on August 15 in each of the years 2021 through 2031 see "THE BONDS - General").
PAYMENT OF INTEREST	Interest on each series of the 2021A Bonds accrues from the date of their initial delivery to the respective initial purchasers (the "Delivery Date"). Interest on the Bonds will be paid on February 15, 2022, and on each August 15 and February 15 thereafter until the maturity or prior redemption. (See "THE BONDS - General" and "THE BONDS – Optional Redemption").
	Interest on each series of the 2021B Bonds accrues from the date of their initial delivery to the respective initial purchasers (the "Delivery Date"). Interest on the Bonds will be paid on August 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 2021A 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 Chapters 1331 and 1371, Texas Government Code, as amended, an election held on November 6, 2018 and an ordinance adopted by the City Council on April 13, 2021 authorizing the issuance of the 2021A Bonds (the "2021A PIB Bond Ordinance") in which the City Council delegated pricing of the 2021A Bonds to an Authorized Officer who approved a pricing certificate (the "2021A Pricing Certificate," and together with the 2021A PIB Bond Ordinance, the "2021A Bond Ordinance") which contains the final terms of the sale and completes the sale of the 2021A Bonds.
	The 2021B 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 1207, Texas Government Code, as amended, and an ordinance adopted by the City Council on April 13, 2021 authorizing the issuance of the 2021B Bonds (the "2021B PIB Bond Ordinance") in which the City Council delegated pricing of the 2021B Bonds to an Authorized Officer who approved a pricing certificate (the "2021B Pricing Certificate," and together with the 2021B PIB Bond Ordinance, the "2021B Bond Ordinance") which contains the final terms of the sale and completes the sale of the 2021B Bonds. The 2021A Bond Ordinance and the 2021B Bond Ordinance are sometimes collectively referred to as the "Ordinances."
SECURITY FOR THE BONDS	The 2021A Bonds, when issued, will be direct obligations of the City, payable from the proceeds of a continuing and direct annual ad valorem tax levied, within the limits prescribed by law, against all taxable property within the City. See "THE BONDS – Security."
	The 2021B Bonds, when issued, will be direct obligations of the City, payable from the proceeds of a continuing and direct annual ad valorem tax levied, within the limits prescribed by law, against all taxable property within the City. See "THE BONDS – Security."
OPTIONAL REDEMPTION	The City reserves the right, at its option, to redeem the 2021A Bonds having stated maturities on and after August 15, 2031 in whole or in part in principal amounts of $5,000 or any integral multiple therefore, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. See "THE BONDS – Optional Redemption."

The City reserves the right, at its option, to redeem the 2021B Bonds having state maturities on August 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption to the date of redemption. See "THE BONDS – Optional Redemption."

TAX EXEMPTION .... In the opinion of Bond Counsel, under existing law, interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the alternative minimum tax. See "TAX MATTERS (the "Code")," herein for a discussion of the opinions of Bond Counsel.

USE OF PROCEEDS .... The proceeds from the sale of the 2021A Bonds are being used to provide funds for (i) designing, constructing, reconstructing, improving, renovating, expanding, equipping, and furnishing public safety facilities, including fire station facilities, police administrative facilities and evidence storage facilities, including the acquisition of land therefor; (ii) renovating, repairing, improving, and equipping existing City service and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, façade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws; (iii) acquiring, developing, renovating and improving parks and open spaces for park and recreation purposes in and for the City; (iv) designing, developing, constructing, improving, extending, and expanding streets, thoroughfares, sidewalks, bridges, and other public ways of the City, including streetlighting, right-of-way protection, and related storm drainage improvements; and acquiring rights-of-way in connection therewith; and (v) paying the costs of issuance of the 2021A Bonds.

The proceeds from the sale of the 2021B Bonds are being used to provide funds for (i) refunding currently outstanding obligations of the City, as set forth on Schedule I attached hereto (the "Refunded Obligations") in order to achieve debt service savings; and (ii) paying the costs of issuance of the 2021B Bonds.

RATINGS .... The Bonds are rated "Aa1" by Moody's Investors Service, Inc., ("Moody's) "AAA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and "AAA" by Fitch Ratings ("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 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.

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CITY OF ARLINGTON

CITY OFFICIALS, STAFF, AND CONSULTANTS

Elected Officials

City Council	Length of Service	Term Expires	Occupation
Jim Ross* Mayor	Newly Elected	May, 2024	Attorney
Barbara Odom-Wesley Council Member	2 years	May, 2024	Healthcare Professional, Retired
Victoria Farrar-Myers Council Member	5 Years	May, 2022	Professor
Ruby Faye Woolridge Council Member	1 Year	May, 2022	Educator, Retired
Helen Moise Council Member	3 Years	May, 2022	Financial and Asset Manager, Retired
Raul Gonzalez Council Member	1 Year	May, 2022	Administrator
Nikki Hunter* Council Member	Newly Elected	May, 2024	Health Care Administration
Andrew Piel Council Member	2 Years	May, 2024	Attorney
Rebecca Boxall* Council Member	Newly Elected	May, 2024	Architect

*The newly elected Mayor and Council Member will be sworn in on June 29, 2021.

Appointed Officials

Name	Position	Years of Employment with City
Trey Yelverton	City Manager	28
Lemuel Randolph	Deputy City Manager	7
Jennifer Wichmann	Deputy City Manager	17
Jim Parajon	Deputy City Manager	15
Mike Finley	Director of Finance	25
Teris Solis	City Attorney	30
Alex Busken	City Secretary	3

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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City of Arlington
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Arlington, Texas 76010
(817) 459-6100

Mr. Dave Gordon
Estrada Hinojosa & Company, Inc.
600 N. Pearl St., Suite 2100, South Tower
Dallas, Texas 75201
(214) 658-1670

USE OF INFORMATION IN OFFICIAL STATEMENT

This Official Statement, which includes the cover pages, tables, schedules 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 Initial Purchasers 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 in which the person making such offer or solicitation is not 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 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.

Neither the City, nor 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.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACT. THE REGISTRATION OF 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 pages contain 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, schedules 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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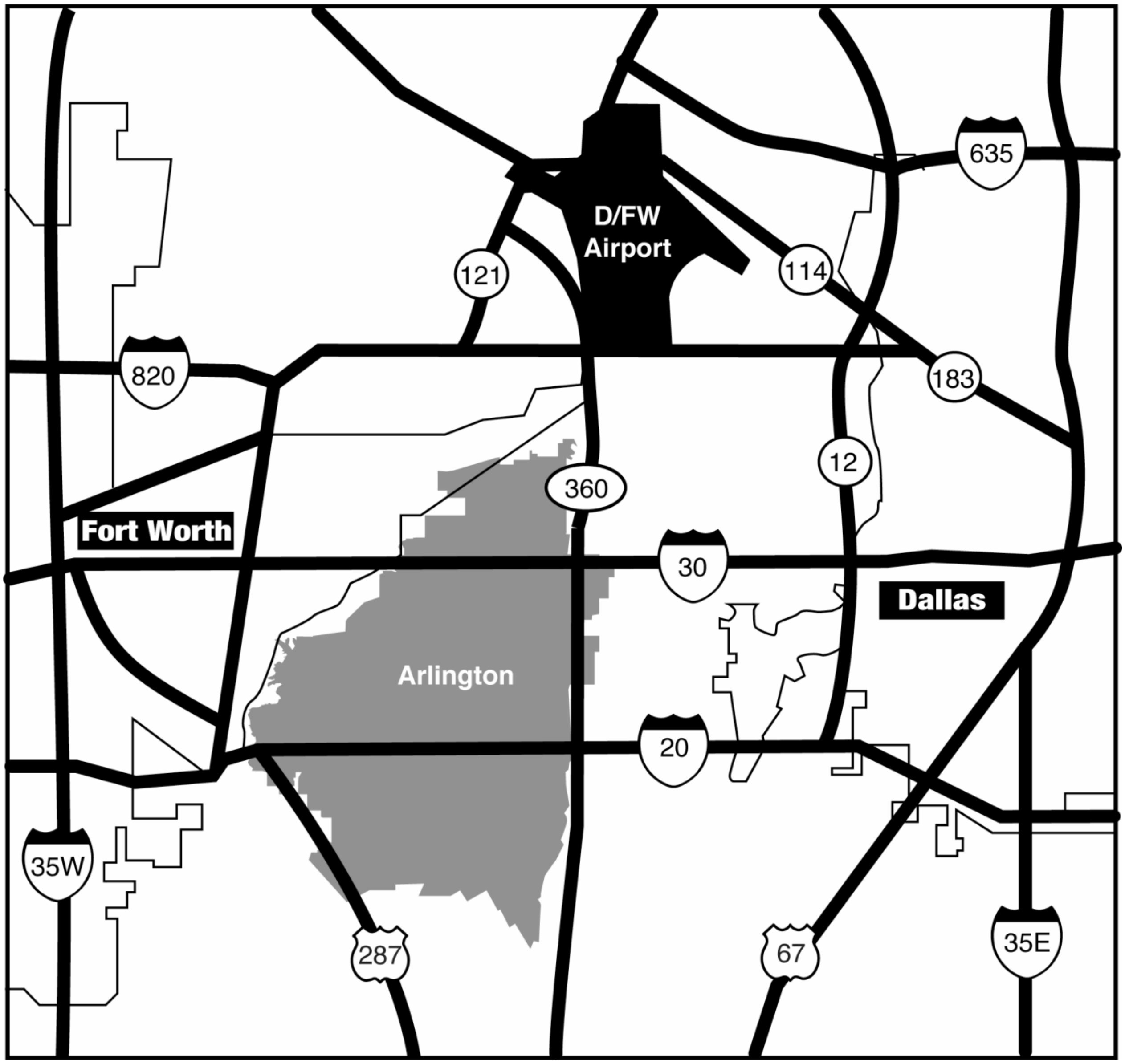
The cover pages hereof, this page, the appendices included herein, the financial statements and any addenda, supplement or amendment hereto, are part of this Official Statement.

Dallas/Fort Worth/Arlington Metropolitan Area



CITY OF ARLINGTON, TEXAS
(Tarrant County, Texas)

$31,820,000
Permanent Improvement Bonds, Series 2021A

and

$8,325,000
Permanent Improvement Refunding Bonds, Series 2021B

INTRODUCTION

This Official Statement, which includes the cover pages and Appendices hereto, provides certain information regarding the issuance of City of Arlington, Texas (the "City") $31,820,000 Permanent Improvement Bonds, Series 2021A (the "2021A Bonds") and $8,325,000 Permanent Improvement Refunding Bonds, Series 2021B (the "2021B Bonds" and together with the 2021A Bonds, the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Ordinances (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 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, had a 2020 estimated population of 390,540. 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 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 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 2021A 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 Chapters 1331 and 1371, Texas Government Code, as amended, an election held on November 6, 2018 and an ordinance adopted by the City Council on April 13, 2021 authorizing the issuance of the 2021A Bonds (the "2021A PIB Bond Ordinance") in which the City Council delegated pricing of the 2021A Bonds to an Authorized Officer who approved a pricing certificate (the "2021A Pricing Certificate," and together with the 2021A PIB Bond Ordinance, the "2021A Bond Ordinance") which contains the final terms of the sale and completes the sale of the 2021A Bonds.

The 2021B 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 1207, Texas Government Code, as amended, and an ordinance adopted by the City Council on April 13, 2021 authorizing the issuance of the 2021B Bonds (the "2021B PIB Bond Ordinance") in which the City Council delegated pricing of the 2021B Bonds to an Authorized Officer who approved a pricing certificate (the "2021B Pricing Certificate," and together with the 2021B PIB Bond Ordinance, the "2021B Bond Ordinance") which contains the final terms of the sale and completes the sale of the 2021B Bonds. The 2021A Bond Ordinance and the 2021B Bond Ordinance are sometimes collectively referred to as the "Ordinances."

General

The 2021A Bonds will be dated June 1, 2021, and will mature on the dates set forth on the cover page of this Official Statement. Interest on the 2021A Bonds will accrue from the date of delivery of the 2021A Bonds to the 2021A Initial Purchasers (the "2021A Delivery Date") and will be paid on February 15, 2022, and on each February 15 and August 15 thereafter until maturity or prior redemption.

The 2021B Bonds will be dated June 1,2021, and will mature on the dates set forth on page iii of this Official Statement. Interest on the 2021B Bonds will accrue from the date of delivery of the 2021B Bonds to the 2021B Initial Purchasers (the 2021B Delivery Date") and will be paid on August 15, 2021, and on each February 15 and August 15 thereafter until maturity or prior redemption.

Security

The 2021A Bonds, when issued, will be direct obligations of the City, payable from the proceeds of the levy of a continuing, direct annual ad valorem tax levied and assessed, within the limits prescribed by law, against all taxable property within the City.

The 2021B Bonds, when issued, will be direct obligations of the City, payable from the proceeds of the levy 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 2021A Bonds are being used to provide funds for (i) designing, constructing, reconstructing, improving, renovating, expanding, equipping, and furnishing public safety facilities, including fire station facilities, police administrative facilities and evidence storage facilities, including the acquisition of land therefor; (ii) renovating, repairing, improving, and equipping existing City service and administrative facilities, including repair, replacement, and improvement of roofs, mechanical, electrical, plumbing, air conditioning, heating and ventilation equipment and systems, façade improvements, and improvements required by the Americans with Disabilities Act and other applicable laws; (iii) acquiring, developing, renovating and improving parks and open spaces for park and recreation purposes in and for the City; (iv) designing, developing, constructing, improving, extending, and expanding streets, thoroughfares, sidewalks, bridges, and other public ways of the City, including streetlighting, right-of-way protection, and related storm drainage improvements; and acquiring rights-of-way in connection therewith; and (v) paying the costs of issuance of the 2021A Bonds.

The proceeds from the sale of the 2021B Bonds are being used to provide funds for (i) refunding certain currently outstanding obligations of the City, as set forth on Schedule I attached hereto (the “Refunded Obligations”) in order to achieve debt service savings; and (ii) paying the costs of issuance of the 2021B Bonds.

Refunded Obligations

The principal and interest due on the Refunded Obligations are to be paid on the respective redemption dates of such Refunded Obligations set forth in Schedule I hereto from funds to be deposited pursuant to a certain Escrow Agreement (the “Escrow Agreement”) between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Escrow Agent”). The 2021B Bond Ordinance provides that from the proceeds of the sale of the 2021B Bonds received from the 2021B Initial Purchasers, together with the City’s contribution, if any, the City will deposit with the Escrow Agent for the Refunded Obligations the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their respective redemption dates. Such funds will be held by the Escrow Agent for the Refunded Obligations in a special account used to defease and redeem the Refunded Obligations on their respective redemption dates.

The City's Financial Advisor or the paying agent/registrar for the Refunded Obligations will execute a certificate verifying that the funds on deposit pursuant to the Escrow Agreement will be sufficient to pay, when due, the amount necessary to accomplish the discharge and final payment of the Refunded Obligations on their redemption dates (the “Sufficiency Certificate”).

By the deposit of cash with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the Sufficiency Certificate and Escrow Agreement, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes nor for the purpose of applying any limitation on the issuance of debt.

Sources and Uses

The sources and uses of funds for the 2021A Bonds are approximately as follows:

Sources:		
Par amount of the 2021A Bonds	$	31,820,000.00
Net Reoffering Premium		5,089,794.32
Total Sources of Funds	$	36,909,794.32
Uses:		
Deposit to Construction Fund	$	36,670,000.00
Cost of Issuance		239,794.32
Total Uses of Funds	$	36,909,794.32

The sources and uses of funds for the 2021B Bonds are approximately as follows:

Sources:		
Par amount of the 2021B Bonds	$	8,325,000.00
Net Reoffering Premium		1,772,454.40
Total Sources of Funds	$	10,097,454.40
Uses:		
Cash Deposit	$	9,978,966.63
Cost of Issuance		118,487.77
Total Uses of Funds	$	10,097,454.40

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 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 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 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, principal and interest on the Bonds will be made as described in "THE BONDS - Book-Entry-Only System".

Amendments

The City may amend the respective Ordinances 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 2021A Bonds or 2021B Bonds, as applicable, then outstanding, as applicable, amend, add to, or rescind any of the provisions of the respective Ordinances, except that, without the consent of the registered owners of all of the 2021ABonds or 2021B Bonds, as applicable, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal on 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 2021A Bonds or 2021B Bonds, as applicable, over any other, as applicable or (3) reduce the aggregate principal amount required to be held by owners for consent to any amendment, addition or rescission.

Optional Redemption

The City reserves the right, at its option, to redeem the 2021A Bonds having stated maturities on and after August 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple therefore, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

The City reserves the right, at its option, to redeem the 2021B Bonds having stated maturities on August 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple therefore, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Defeasance

The Ordinances provide 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 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 Ordinances.

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 Ordinances do 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 Ordinances establish 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 the covenants, conditions or obligations set forth in the Ordinances 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 Ordinances, 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 Ordinances. 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 Ordinances 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 Ordinances. 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 has not waived sovereign immunity in the proceedings authorizing the Bonds.

The Ordinances do 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 Ordinances, 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 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. An Bonds 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 respective Ordinance. Such new Bonds 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 Bonds 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 each of the Ordinances 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 of Texas, 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 Standard & Poor's 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, Bonds 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 Ordinances 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 Initial Purchasers.

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 Ordinances, summarized under "Registration."

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 of the City. 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, 2020 - Basic Financial Statements – Notes to the 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 March 31, 2021 the following percentages of the City's operating funds were invested in the following categories of investments:

Type of Investment	% Invested
Treasury Securities	8.59%
Federal Agencies	57.36%
Statewide Local Government Investment Pools [1]	19.03%
Municipals	5.08%
Commercial Paper	9.28%
Cash	0.66%
Totals	100.00%

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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 March 31, 2021, the weighted average maturity of the City's operating portfolio was 403 days and the market value of the operating portfolio was 100.1 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.

Table 2 - Authorized Permanent Improvement Bonds and Use of Proceeds

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

(in thousands)

Election Purpose	Authorized Amount	Previously Issued	The Bonds [(1)]	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	$ -	$ 6,000	$ 18,500
2018 City Facilities	8,000	-	1,600	6,400
2018 Parks and Recreation	19,165	1,450	2,850	14,865
2018 Streets and Transportation	137,835	5,035	26,220	106,580
	$ 189,500	**$ 6,485**	**$ 36,670**	**$ 146,345**
Grand Total	**$ 470,500**	**$ 246,076**	**$ 36,670**	**$ 187,754**

Source: City of Arlington Finance Department.

(1) Includes premium on the 2021A Bonds allocated to voted authorization.

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 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
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	395,477	25,921,882,291	428,490,000	1,110	1.65%
2020	390,540	29,238,009,537	617,190,000	1,580	2.11%
2021	390,540	30,614,604,102	603,925,000 [(3)]	1,546 [(3)]	1.97% [(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 County Appraisal District and the City Finance Department.

(3) Includes the Bonds and excludes the Refunded Obligations.

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] Principal	Existing Debt Service [1] Interest	2021A Bonds Principal	2021A Bonds Interest	2021B Bonds Principal	2021B Bonds Interest	Total Debt Service Requirements	% of Principal Retired	Fiscal Year Ended 9/30
2021	$ 43,470,000	$ 18,484,413	$ -	$ -	$ 155,000	$ 35,138	$ 62,144,551		2021
2022	43,935,000	17,082,686	1,595,000	1,313,543	805,000	400,300	65,131,528		2022
2023	42,840,000	15,806,565	1,595,000	1,129,650	815,000	360,050	62,546,265		2023
2024	41,880,000	14,375,300	1,595,000	1,049,900	815,000	319,300	60,034,500		2024
2025	40,095,000	12,932,577	1,595,000	970,150	815,000	278,550	56,686,277	34.28%	2025
2026	40,255,000	11,573,165	1,590,000	890,400	820,000	237,800	55,366,365		2026
2027	38,465,000	10,249,701	1,590,000	810,900	820,000	196,800	52,132,401		2027
2028	35,475,000	8,901,620	1,590,000	731,400	820,000	155,800	47,673,820		2028
2029	32,990,000	7,818,567	1,590,000	651,900	820,000	114,800	43,985,267		2029
2030	32,665,000	6,850,685	1,590,000	572,400	820,000	73,800	42,571,885	63.92%	2030
2031	31,115,000	5,916,256	1,590,000	492,900	820,000	32,800	39,966,956		2031
2032	31,330,000	5,011,875	1,590,000	413,400	-	-	38,345,275		2032
2033	30,005,000	4,101,418	1,590,000	349,800	-	-	36,046,218		2033
2034	27,055,000	3,222,367	1,590,000	302,100	-	-	32,169,467		2034
2035	25,085,000	2,464,057	1,590,000	254,400	-	-	29,393,457	87.60%	2035
2036	23,690,000	1,773,186	1,590,000	206,700	-	-	27,259,886		2036
2037	21,395,000	1,169,282	1,590,000	159,000	-	-	24,313,282		2037
2038	18,700,000	625,878	1,590,000	127,200	-	-	21,043,078		2038
2039	4,875,000	167,100	1,590,000	95,400	-	-	6,727,500		2039
2040	2,085,000	41,700	1,590,000	63,600	-	-	3,780,300	99.75%	2040
2041	-	-	1,590,000	31,800	-	-	1,621,800	100.00%	2041
	$ 607,405,000	$ 148,568,397	$ 31,820,000	$ 10,616,543	$ 8,325,000	$ 2,205,138	$ 808,940,077		

[1] Excludes the Refunded Obligations. 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 2020 Net Assessed Valuation.

Average Annual Requirement (2021 - 2041) ……………..…………….	$	38,520,956
A tax rate of $0.1284 per $100 assessed valuation produces ……….		38,520,956
Average Annual Requirement (10 year) (2021 - 2030) ………………..	$	54,827,286
A tax rate of $0.1827 per $100 assessed valuation produces ……….		54,827,286
Maximinum Annual Requirement (2022) ………………………………	$	65,131,528
A tax rate of $0.2171 per $100 assessed valuation produces ……….		65,131,528

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(1) Includes the Bonds and excludes the Refunded Obligations.

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 7/14/2021 (1)	Percent	Amount Overlapping
Arlington ISD	$ 1,089,184,956	78.75%	$ 857,733,153
Ft. Worth ISD	1,007,740,000	0.32%	3,224,768
Hurst-Euless-Bedford ISD	364,720,000	4.21%	15,354,712
Kennedale ISD	23,305,025	55.12%	12,845,730
Mansfield ISD	858,524,839	28.14%	241,588,890
Tarrant Co	240,445,000	15.82%	38,038,399
Tarrant Co College District	264,175,000	15.82%	41,792,485
Tarrant Co Hosp Dist	14,495,000	15.82%	2,293,109
Viridian Municipal Management District	168,295,000	100.00%	168,295,000
Total Net Overlapping Debt			$1,381,166,245
Arlington, City of	647,550,000 (2)	100.00%	$ 647,550,000
Total Direct and Overlapping Debt			$2,028,716,245
Total Direct and Overlapping Debt % of AV			6.63%
Total Direct and Overlapping Debt Per Capita			$ 5,195

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

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 2021 is approximately $36,670,000. The proposed capital projects for the 2021 fiscal year include funds for police, 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 2017. The City has also received GFOA's Award for Distinguished Budget Presentation for fiscal years 1986 through 2020.

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 2016 to 2020 have been compiled from the audited financial statements included in the respective 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, 2020, the General Fund revenues and transfers were more than expenditures by $4,712,000 or 1.92% percent of General Fund revenues, leaving a General Fund balance at September 30, 2020, of $70,610,000. The following table presents a comparison of the City's General Fund balance for fiscal years 2016 to 2020.

Table 7 - General Fund Revenue and Expenditure History
(amounts in thousands)

	Fiscal Years Ended September 30,				
	2020	**2019**	**2018**	**2017**	**2016**
Beginning General Fund Balance	$ 65,898	$ 66,306	$ 62,849	$ 62,478	$ 58,023
Revenues					
Taxes	181,320	175,985	162,989	153,463	143,564
Franchise Fees	22,048	24,921	25,166	24,859	25,435
Service Charges	7,940	9,743	6,686	5,680	6,320
Interest	2,356	2,556	2,148	1,825	1,705
All Other	30,858	33,097	34,231	32,815	81,601
Total Revenues	$ 244,522	$ 246,302	$ 231,220	$ 218,642	$ 258,625
Expenditures					
Total Expenditures	$ 250,366	$ 251,338	$ 237,273	$ 227,375	$ 216,279
Net Expenditures Over (Under) Expenditures	(5,844)	(5,036)	(6,053)	(8,733)	42,346
Other Financing Sources					
Issuance of Capital Leases	-	-	-	-	-
Operating Transfers	10,556	4,628	9,510	9,104	(37,890)
Ending General Fund Balance	$ 70,610	$ 65,898	$ 66,306	$ 62,849	$ 62,479
General Fund Balance as a Percent of General Fund Expenditures	28.20%	26.22%	27.95%	27.64%	28.89%

Source: Audited Financial Statements.

The following table shows the City's estimated revenues and budgeted expenditures, as reported in the adopted fiscal year 2021 Budget.

Table 8 – Debt Service Fund Budget
Fiscal Year 2021

Beginning Balance	$ 3,113,354
Property Tax Revenue	61,580,830
Transfers In	1,536,324
Total Available for Debt Service	66,230,508
Debt Service Expenditures	(62,815,672)
Estimated Ending Fund Balance	$ 3,414,836

Source: City of Arlington Finance Department

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 " TAX – City and Taxpayer Remedies."

State Mandated Homestead Excmptions. . . 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 "TAX DATA – 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 Tax Code. Section 11.35 of the 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, 2020 was approximately $230,081,119 more than its base year value.

The City Council adopted an ordinance on December 19, 2006, establishing a TIF (the "TIF Zone #5") 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 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, 2020 was approximately $596,696,325 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, 2020 was approximately $589,451,123 more than its base year value.

The 2020-2021 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 2020 tax roll is $735,375,742.

The 2020-2021 tax roll reflects a $562,926,631 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. The FY 2020 tax roll reveals an exempt value of $8,344,115 due to scenic deferrals.

The 2020-2021 tax roll reflects a $10,851,168 reduction in taxable valuation attributable to valuation by Productivity Value.

The 2020-2021 tax roll reflects a $4,064,503,267 reduction in taxable valuation attributable to local option homestead exemptions.

The 2020-2021 tax roll reflects a $2,475,747,536 reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled

The 2020-2021 tax roll reflects a $735,375,742 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 FY 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.

City's Rights in the Event of Tax Delinquencies

Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month or portion of the month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed.

In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action 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.

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	29,510,132,493	0.4467	0.1773	0.6240	182,445,180	94.08	94.59
2021	30,614,604,102	0.4085	0.2140	0.6225	190,575,910	93.89 (3)	92.36 (3)

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 March 2021.

Table 10 - Tax Base Distribution
Fiscal Years 2016 to 2020

	2020	**2019**	**2018**	**2017**	**2016**
Residential	51.5%	50.0%	50.2%	50.0%	48.9%
Commercial, Industrial, Retail	47.1%	48.1%	47.8%	47.6%	47.3%
Mineral	0.4%	0.6%	0.5%	0.6%	1.9%
Undeveloped	1.0%	1.3%	1.6%	1.7%	1.8%

Source: City of Arlington Finance Department

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Table 11 - Top Ten Taxpayers [1]

Taxpayer	Type of Business	FY 2021 Taxable Assessed Valuation
General Motors LLC	Industrial Manufacturing	$ 410,763,943
Oncor Electric Delivery	Electric Utility	212,021,342
Arlington Highlands 1LP	Shopping Center	150,931,704
Parks at Arlington LP	Shopping Center	150,000,000
Hart Arlington TX LLC	Commercial	128,546,406
S2 Forest Ridge LP	Commercial	105,900,000
Six Flags Fund II LTD	Amusement Park	102,690,846
Bedrock Holdings II (Dallas) LLC	Commercial	97,680,000
BCI IV Pioneer DC LLC	Commercial	87,259,875
Columbia Medical Center	Medical Center	84,549,662
Total		**$ 1,530,343,778**
Top ten taxpayers as % of total tax rolls		5.23%
Total tax roll		$ 29,238,009,537

[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. 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 additional one-half cent sales and use tax became effective on April 1, 2005.

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
2016	$ 58,895,721	$ 127,016,834	46%	380,740	$ 155
2017	60,447,625	137,852,312	44%	382,230	158
2018	62,875,224	150,373,422	42%	383,950	164
2019	66,983,242	164,552,109	41%	395,477	173
2020	63,714,803	182,445,180	35%	390,540	163

[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 888 administered by TMRS, an agent, multiple-employer public employee retirement system. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

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

C. Contributions

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

Employees for the City of Arlington were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Arlington were 15.96% and 16.29% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $29,866,086 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 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, 2019 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 are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 0219 municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

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

Discount Rate:

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

Changes in the Net Pension Liability

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

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

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

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

	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)
City's net pension liability	$325,286,635	$140,589,732	($11,108,370)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City recognized pension expense of $39,821,981.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources relatedto pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ -	$36,149,000
Changes of assumptions	15,983,000	-
Net difference between projected actual earnings on pension plan investments	-	-
Contributions subsequent to the measurement date	195,990,000	-
Total	$211,973,000	$36,149,000

$195,990,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended September 30:	
2020	$ (5,007,046)
2021	(5,559,008)
2022	6,744,899
2023	(16,344,882)
2024	-
Thereafter	-
Total	$ (20,166,037)

Part-Time, Seasonal and Temporary Employees Deferred Income Plan

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

Plan Description

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

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

Contributions. The Retirement Committee establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 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
Net Pension Liability	4,329

The City's Net Pension Liability (NPL) was measured as of June 30, 2020 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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

Sensitivity of the Net Pension 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	($4,699)	($275,766)	($498,367)

Pension Plan Fiduciary Net Position

The financial statements of the plan are presented below.

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

Assets

Cash and deposits	$	88,210
Receivables		9,226
Accrued Interest		-
Investments		
Mutual funds - bonds		2,442,388
Mutual funds - equities		728,732
Total investments		3,171,120
Total assets		$ 3,268,556

Liabilities

Accrued expenses	$ 0
Net position restricted for pensions	$ 3,268,556

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

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

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

ended September 30, 2020, the city recognized pension expense of $98,126.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ -	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	28,277	118,146
Contributions subsequent to the measurement date	20,000	-
Total	$48,227	$118,146

$20,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:		
2021	$	(18,155)
2022		(19,268)
2023		(32,823)
2024		(19,673)
2025		-
Thereafter		-
Total	$	(89,919)

Expenses (Reduction) of Expenses

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

TMRS	($163,317)
PST DIP	15
Total	($163,302)

Thrift Savings Plan

All full-time City employees may participate in the Thrift Savings Plan (the "Thrift"), a single-employer defined contribution plan administered by the Retirement Committee at the City. The plan provisions and contribution savings are adopted and amended by the City Council, within the options available in the federal statutes governing Internal Revenue Code, section 401(k). This voluntary IRS Code 401(k) plan allows all full-time City employees to contribute between 1 percent to 10 percent of their salary with the City matching the first 6 percent of employee contributions at 50 cents to the dollar. Partial vesting of employer contributions begins after three years of participation with full vesting taking place after six years of participation. At September 30, 2020, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was $261,957,000.

The City's total payroll during fiscal 2020 was $191,207,000. The current year contribution was calculated based on a covered payroll of $134,460,000, resulting in a required and actual employer contribution of $3,738,000 and actual employee contributions of $9,483,000. The employer contribution represents 2.75 percent of the covered payroll. The employee contribution represents approximately 7.08 percent of the covered payroll.

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

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, 2020. (amounts in thousands):

ASSETS		
Investments		261,957
Total Assets	$	261,957
LIABILITIES		
Accounts Payable		-
Retired City Mgr 401(k) plan payable		59
Total Liabilities	$	59

NET POSITION		
Held in trust for pension benefits		261,898
Assigned pension trust		-
Total Net Position		261,898
ADDITIONS		
Employer contributions	$	3,914
Employee contributions		9,524
Net appreciation in fair value of investments		34,387
Other additions		100
	$	47,925
DEDUCTIONS		
Benefits		13,154
Plan administration		142
Other deductions		80
	$	13,376
Increase in Net Position		34,549
Net Position, October 1		227,349
Net position, September 30		261,898

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

TMRS	$29,866
THRIFT	3,914
PTDIT	75
	$33,857

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, 2020. (amounts in thousands):

ASSETS	
Cash and cash-like investments	$ -
Investments:	
U.S. Government securities	25
Common stock mutual funds	802
Balanced mutual funds	268
Participant borrowing	282
Total investments	1,377
	-
Total Assets	$ 1,377
LIABILITIES	
Accounts payable	-
Total Liabilities	-
NET POSITION	
Restricted for OPEB	1,377
Total Net Position	$ 1,377

Changes in Net Position
Disability Income Plan

Additions	
Employer contributions	77
Other additions	114
Total Additions	191
Deductions	
Benefits	119
Plan Administration	24
Total Deductions	143

Increase in Net Position	48
Net Position, October 1	1,329
Net Position, September 30	$ 1,377

Benefits Provided

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

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

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

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

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

Retirees and Beneficiaries	10
Inactive, Nonretired Members	1
Active Members	0
	11

Contributions

The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City's contribution is determined through an actuarial valuation. For the year ended September 30, 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, 2019. Actuarial

assumptions:

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

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

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

Sensitivity of the Total OPEB 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	$44,895	($64,918)	($159,475)

At September 30, 2020, the city reported deferred outflows of resources and deferred inflows of resources related to disability income plan from the following sources:

	Deferred 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	56,785	36,320
Excess Investment Returns	-	-
Total	$56,785	$ 36,320

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

Plan Year Ended September 30:	
2021	(8,003)
2022	(8,002)
2023	(1,331)
2024	(18,984)
Thereafter	-
Total	$ (36,320)

Retiree Health Insurance

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

To be eligible for retiree health insurance, an employee must be eligible to retire from the City of Arlington based upon the policies and requirements of the Texas Municipal Retirement System ("TMRS") and elect to retire at the time of separation from the City. If a retiree has coverage through another employer, they must waive the City retiree coverage until the employer-based coverage terminates. As of December 31, 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, 2020 were $6,583,000.

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

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

Net OPEB Liability

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

Actuarial assumptions:

The Total OPEB Liability in the December 31, 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 10/01/19	$ 111,705,193
Changes for the year:	
Service Cost	2,267,816
Interest on total OPEB liability	4,077,730
Change of benefit terms	-
Difference between expected and actual experience	(3,486,806)
Changes of assumptions or other inputs	6,920,378
Benefit Payments	(5,854,499)
Net changes	3,924,619
Total OPEB Liability - end of year	115,629,812

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

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

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

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

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	$1,267,375	$ 2,988,042
Changes in assumptions and other inputs	9,105,098	1,770,276
Contributions subsequent to the measurement date	4,827,540	n/a
Total	$15,200,013	$4,758,318

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

Year Ended September 30:		
2021	$	1,177,302
2022		1,177,302
2023		1,177,302
2024		1,177,302
2025		420,309
Thereafter		484,638
Total	$	5,614,155

Supplemental Death Benefits Plan

Plan Description

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

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

Benefits Provided

TMRS provides death benefits to retirees at a fixed amount of $7,500. At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

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

Contributions

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

Net OPEB Liability

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

assumptions:

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

Inflation	2.50% per year
Overall payroll growth	3.50% - 11.5% per year
Discount Rate	2.75%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. For disabled retirees, the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2019, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2014 through December 31, 2018.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.75%, down from 3.75% in the previous year.

Changes in the Total OPEB Liability

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

Net changes	1,880,942
Balance at 9/30/20	10,130,937

Total OPEB liability as a percentage of covered payroll 5.45%

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

The following presents the net OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.75%) or 1-percentage-point higher (3.75%) than the current rate:

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

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

	Deferred Inflows of Resources	**Deferred Outflows of Resources**
Differences between expected and actual experience	$ (-)	$ 268,405
Changes in assumptions and other inputs	1,293,821	-
Contributions subsequent to the measurement date	56,336	n/a
Total	$ 1,350,157	$268,405

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

Year Ended September 30:	
2021	$ 236,733
2022	236,733
2023	220,873
2024	131,120
Thereafter	199,957
Total	$ 1,025,416

CONTINUING DISCLOSURE OF INFORMATION

In each of the Ordinances, the City made the following agreement for the benefit of the owners and beneficial owners of each respective series of Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the respective series of 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 material 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 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 so to be provided shall be (i) prepared in accordance with the accounting principles 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 Securities and Exchange Commission Rule 15c2-12 (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, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

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 s; (7) modifications to rights of holders of the Bonds, if material; (8) Bond 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. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports."

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 Ordinances define "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 material events. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

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 material 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 federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Code and is not a specific preference item for purposes of the alternative minimum tax.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Ordinances that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinances pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the City, the City's Financial Advisor and the Initial Purchasers with respect to matters solely within the knowledge of the City, the City's Financial Advisor and the Initial Purchasers, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Ordinances or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will 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 acquisition, ownership or disposition of, the Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSEQUENCES

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium Bonds

The issue price of all of the Bonds exceeds the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bonds in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the

Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

OTHER INFORMATION

Ratings

The Bonds are rated "Aa1" by Moody's Investors Service, Inc., ("Moody's) "AAA" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and "AAA" by Fitch Ratings ("Fitch"). The City's presently outstanding 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 either or both of such rating agencies if, in the judgment of either or both, 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 either of such ratings may have an adverse effect on the market price of the Bonds.

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. The new arbitration was held, and the City is waiting for a ruling. 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 district court ruled in the City's favor. The matter is currently on appeal. The City is waiting for a decision from the appellate court.

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 Fifth Circuit Court of Appeals ruled in the City's favor. However, the Plaintiffs filed a motion for rehearing.

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 trial court ruled in the City's favor. However, the case is currently on appeal; the City is waiting for a ruling from the Court of Appeals.

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. The City is waiting for a ruling from the Court of Appeals.

The City is involved in litigation brought by a group of homeowners concerning a privately owned dam. After the dam failed through lack of repair and maintenance by the homeowners, the City breached the dam to control the situation. The homeowners brought suit seeking to have the City repair the dam or otherwise improve the property or pay for alleged damages.

The City is involved in litigation with an individual who was a suspect in a car theft. When approached by a City police officer, the individual ran. He was eventually "tazed" by two officers and apprehended. When the suspect was tased, he fell face first and received relatively minor injuries. The individual alleges an excessive use of force and is suing for damages. The district court ruled in favor of the officers, finding that no constitutional violation had been committed. The individual has filed a notice of appeal.

The City is involved in litigation with an individual who was caught shoplifting electronics. The individual resisted arrest. Ultimately he was handcuffed and arrested by three officers. The individual alleges excessive force was used, although no firearm or "tazer" was used in effecting the arrest. The individual is suing for damages.

The federal department of Housing and Urban Development has threatened to bring suit against the City on behalf of a developer whose project was denied. HUD generally alleges that the City was discriminatory in favor of housing projects for older individuals and against younger family units with children.

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 April 21, 2021, there are twenty-nine lawsuits pending against the City seeking monetary damages and/or injunctive relief. Eleven 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-nine lawsuits, the City is engaged in two 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 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, Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including taking action to suspend any regulatory statute prescribing the procedures for conduct of 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 this disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued several executive orders relating to COVID-19 preparedness, mitigation and reopening Texas businesses.

On March 2, 2021, the Governor issued Executive Order GA-34, effective March 10, 2021, which among other things rescinds and supersedes various prior executive orders and provides that in all counties not in an "area with high hospitalizations" as defined in Executive Order GA-34 (i) there are no COVID-19 related operating limits for any business or other establishment and (ii) no person may be required by any jurisdiction to wear or to mandate the wearing of a face covering. In "areas with high hospitalizations" a county judge may impose COVID-19 related mitigation strategies, including reinstituting business occupancy limits, subject to certain limitations. Tarrant County is not currently an "area with high hospitalizations." The Governor retains the right to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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 and within the City. These negative impacts may reduce or negatively affect the growth of property values and/or the collection of sales and other excise taxes, charges, and fees within the City, as well as assets of the City's pension funds. The Bonds are secured by a limited ad valorem tax, and a reduction in property values may result in 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 "Table 9 – Tax Rate Distribution and Collection Ratios." Actions taken to slow the Pandemic are expected to continue to reduce economic activity within the City and a reduction in the collection of taxes and other fees and charges collected by the City may negatively impact the City's operating budget and overall financial condition.

The financial and operating data contained herein are as of the dates and for the periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the current financial condition or future prospects of the City. 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 long-term impact of Pandemic on the City cannot be quantified at this time, the continued spread of COVID-19 could have an adverse effect on the City's operations and financial condition.

Legal Matters

The City will furnish the respective Initial Purchasers with a complete transcript of proceedings incident to the authorization and issuance of each series of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Bonds are valid and legally binding obligations of the City and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under existing law. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and 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 firms have reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the respective Ordinances. Such firm has not, however, independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the City for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. Certain legal matters will be passed upon by West & Associates, L.L.P. Dallas, Texas, Disclosure Counsel. The legal fees to be paid Bond Counsel and Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on 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 Bond 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.

Initial Purchasers of the 2021A Bonds

After requesting competitive bids for the 2021A Bonds, the City accepted the bid of Hilltop Securities Inc. (the "2021A Initial Purchasers") to purchase the 2021A Bonds at the interest rates shown on the cover page of the Official Statement at a price of 115.99% of par. The 2021A Bonds Initial Purchasers can give no assurance that any trading market will be developed for the 2021A Bonds after their sale by the City to the 2021A Initial Purchasers. The City has no control over the price at which the 2021A Bonds are subsequently sold and the initial yield at which the 2021A Bonds will be priced and reoffered will be established by and will be the responsibility of the 2021A Initial Purchasers.

Initial Purchaser of the 2021B Bonds

After requesting competitive bids for the 2021B Bonds, the City accepted the bid of Fidelity Capital Markets (the "2021B Initial Purchasers") to purchase the 2021B Bonds at the interest rates shown on page (iii) of the Official Statement at a price of 121.29% of par. The 2021B Initial Purchasers can give no assurance that any trading market will be developed for the 2021B Bonds after their sale by the City to the 2021B Initial Purchaser. The City has no control over the price at which the 2021B Bonds are subsequently sold and the initial yield at which the 2021B Bonds will be priced and reoffered will be established by and will be the responsibility of the 2021B Initial Purchasers.

The 2021A Initial Purchasers and the 2021B Initial Purchasers are sometimes collectively referred to as the "Initial Purchasers" herein.

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.

Certification of the Official Statement

At the time of payment for and delivery of the Bonds, the Initial Purchasers of the Bonds will be furnished a certificate, executed by proper officers, acting in their official capacity, to the effect that to their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in this Official Statement and any addenda, supplement or amendment thereto, for its Bonds, on the date of such Official Statement, on the date of sale of said Bonds and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities other than the City and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City, since September 30, 2020, the date of the last audited financial statements of the City appearing in the Official Statement.

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 ordinances contained in the Official Statement are made subject to all of the provisions of such statutes, documents and ordinances. 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.

In the respective 2021A PIB Bond Ordinance and 2021B PIB Bond Ordinance, the City Council authorized the Authorized Officer to approve, for and on behalf of the City, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Initial Purchasers use of this Official Statement in connection with the public offering and the sale of the Bonds, all of which the Authorized Officer approved in the respective 2021A Pricing Certificate and 2021B Pricing Certificate.

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Permanent Improvement and Refunding Bonds, Series 2011A					
	8/15/2022	3.500%	$ 890,000.00	8/15/2021	100.00
	8/15/2023	4.000%	890,000.00	8/15/2021	100.00
	8/15/2024	4.000%	890,000.00	8/15/2021	100.00
	8/15/2025	4.000%	890,000.00	8/15/2021	100.00
	8/15/2026	4.000%	890,000.00	8/15/2021	100.00
	8/15/2027	4.000%	890,000.00	8/15/2021	100.00
	8/15/2028	4.000%	890,000.00	8/15/2021	100.00
	8/15/2029	4.000%	890,000.00	8/15/2021	100.00
	8/15/2030	4.000%	890,000.00	8/15/2021	100.00
	8/15/2031	4.125%	890,000.00	8/15/2021	100.00
			8,900,000.00		
Combination Tax & Revenue Certificates of Obligations, Series 2011					
	8/15/2022	3.500%	$ 90,000.00	8/15/2021	100.00
	8/15/2023	4.000%	90,000.00	8/15/2021	100.00
	8/15/2024	4.000%	90,000.00	8/15/2021	100.00
	8/15/2025	4.000%	90,000.00	8/15/2021	100.00
	8/15/2026	4.000%	90,000.00	8/15/2021	100.00
	8/15/2027	4.000%	90,000.00	8/15/2021	100.00
	8/15/2028	4.000%	90,000.00	8/15/2021	100.00
	8/15/2029	4.000%	85,000.00	8/15/2021	100.00
	8/15/2030	4.125%	85,000.00	8/15/2021	100.00
	8/15/2031	4.250%	85,000.00	8/15/2021	100.00
			885,000.00		
			$ 9,785,000.00		

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APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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	395,477	3.00%	329,180,367	0.44%
2020	390,540	-1.25%	330,376,491	0.36%

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
2017 to 2021

	January 2021	January 2020	January 2019	January 2018	January 2017
Arlington	7.0%	3.3%	4.8%	3.8%	4.2%
Texas	7.3%	3.8%	4.1%	4.2%	5.0%
United States	6.8%	4.0%	4.4%	4.5%	5.1%

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) City of Arlington Finance Department. Includes part-time and peak seasonal employees.

Building Permits

	2020		2019		2018	
	Permits	**Declared Value**	**Permits**	**Declared Value**	**Permits**	**Declared Value**
New Single Family	788	$ 171,710,356	794	$ 196,695,469	566	$ 143,824,017
New Multifamily	35	97,733,878	17	84,688,224	21	98,308,576
New Commercial	84	81,211,188	169	264,916,391	116	981,290,295
Other (Residential and Commercial)	8,630	321,476,106	8,749	362,113,580	8,783	392,518,994
Grand Total	9,537	$ 672,131,528	9,729	$ 908,413,664	9,486	$ 1,615,941,882

Source: City of Arlington Building Inspections Division

APPENDIX B

AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY OF ARLINGTON YEAR ENDED SEPTEMBER 30, 2020

CITY OF ARLINGTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2020

PREPARED BY THE FINANCE DEPARTMENT,
ACCOUNTING DIVISION

ARLINGTON[SM]
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, 2020
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ARLINGTON℠

THE AMERICAN DREAM CITY

March 3, 2021

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

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

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

BKD, LLP has issued an unmodified "clean" opinion on the City's financial statements for the year ended September 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

City Profile: Overview and Governance

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

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

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

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

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

Financial Planning and Policies

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

Long Term Financial Planning

The Arlington economy is facing challenges in FY2020 and FY2021 that are without precedent. The public health concerns created by the COVID-19 pandemic have not yet been resolved, and coronavirus cases are still increasing across the country and throughout Texas. In this environment, the City has effectively managed fiscal challenges brought on by the pandemic. As revenues decline, the focus shifts to preserving essential services while finding ways to reduce expenditures wherever possible. The top five major employers listed below make up approximately 12% of the total employment of the city. Some of the major employers in the city include the following:

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

Major taxpayers include General Motors Company, Oncor Electric Delivery, Arlington Highlands, and Parks at Arlington, making up approximately $924M, 3.16% of the City's assessed value.

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

The FY 2020-21 budget was developed with delivery of core services in mind. Managed savings, restructuring, and ongoing efficiency initiatives have enabled staff to deliver the same high level of service at the lowest possible cost. Arlington prides itself on providing an elevated level of service at the lowest cost possible. The City is continuously looking for new ways to innovate, to save, and to provide the highest value to our residents.

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

The 2020 budget focused on these priorities and maintains the City's core value of quality and cost-effective service delivery. In 2020 (tax year 2019), the property tax rate is 62.4 cents. The new 2021 rate is 1.08 cents lower than the previous rate of 63.48 cents (tax year 2018), which was the rate in effect for the previous year.

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

Major Initiatives/Highlights

Entertainment District

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

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

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

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

Texas Live!

Texas Live!, which is located between Texas Rangers' Globe Life Park and the Dallas Cowboys' AT&T Stadium, features over 100,000 square feet of premier dining and entertainment space, a 5,000 person capacity outdoor event pavilion; a full-service 300-room convention hotel, Live! by Loews and a 35,000 square foot meeting/convention facility. The 9th annual Christkindl Market was held at Texas Live! in December 2019. During the 2020 baseball season, Texas Live! hosted fans for viewing Texas Ranger games.

AT&T Stadium

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

National Medal of Honor Museum

Planned for construction near Globe Life Park and AT&T Stadium, the first national museum of its kind, will open to the public in 2024. During 2020, seven board members were selected, and it announced Rafael Vinoly will serve as Chief Architect for the project. Ken Burns has been chosen as National History Advisor.

Entertainment District Expansion

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

Other notable 2020 accomplishments include:

- **COVID-19 Response**
  As part of its Roadmap to Reopen and Recovery, the City worked with residents, nonprofits, and the business community on a variety of initiatives designed to protect public health and keep the economy going. Resources including PPE were made available to residents and businesses in need. Drive thru testing centers and a mass vaccination site were set up and operated successfully.

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

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

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

- **Arlington Tomorrow Foundation**
  This foundation was created to ensure financial resources which are acquired from the City's natural gas drilling activities today benefit Arlington and its citizens for generations to come. The interest earned annually from the endowment is awarded as grants to local non-profits and governmental entities to benefit citizens and enhance the natural surroundings and lifestyle of Arlington. In 2020, the Foundation approved over $5.7 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arlington for its AFR for the year ended September 30, 2019. This was the 42nd year the City has earned this prestigious award. A Certificate of Achievement is valid for a period of one year. The City believes the current AFR continues to meet the certificate requirements and will be submitting the document to the GFOA to determine ongoing eligibility for the certificate.

The GFOA also awarded to the City of Arlington a Certificate for Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2019. This was the eleventh year the City applied for and received this prestigious award. The Certificate is valid for a period of one year. The City will submit a Popular Annual Financial Report which meets requirements for the award again this year.

The GFOA awarded the City a Distinguished Budget Presentation Award for the FY 2020 budget. The City has earned this award for the past 34 years and expects to earn this award again for the upcoming FY 2021 budget.

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

- Bloomberg Philanthropies' What Works Cities Certification – Gold Level (1 in 8 cities to have ever achieved at this level and the only city in Texas at any level)
- Transparency Stars for Traditional Finance, Contracts & Procurement, Economic Development, Public Pensions and Debt Obligations
- Commission for Accreditation of Park and Recreation Agencies (CAPRA)
- National Gold Medal Winner for excellence in the field of Park and Recreation Management
- Commission on Accreditation for Law Enforcement Agencies (CALEA)
- Emergency Management Accreditation Program (EMAP) Accredited
- American Public Works Association (APWA) Accredited Agency
- ProLiteracy Accreditation
- Association of Metropolitan Water Agencies (AMWA) Gold Award winner for exceptional utility performance
- Achievement of Excellence in Procurement

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We would like to express appreciation to all members of the Finance Department, especially Amy

Trevino, Kristi Janes, Deloise Edwards, Joy Geppert, Cynthia Moss, Jamie Smith, Joan Wilson, Ethan Klos, Mark Davies, Lisa Williams, Trina Taylor, Alex Agnor, Karen Irwin, and Deven Mercer, who assisted and contributed to the preparation of this report. Credit is also due to the Mayor and the Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

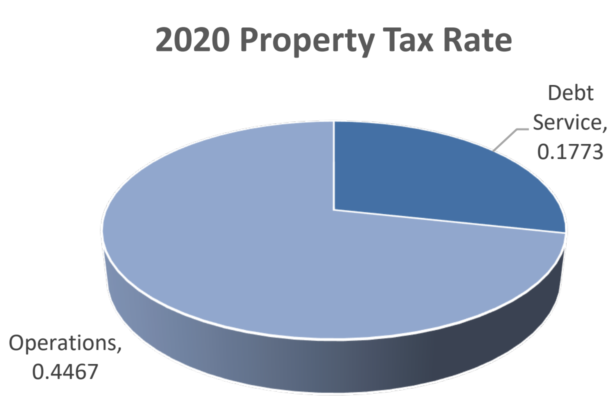
Trey Yelverton
City Manager

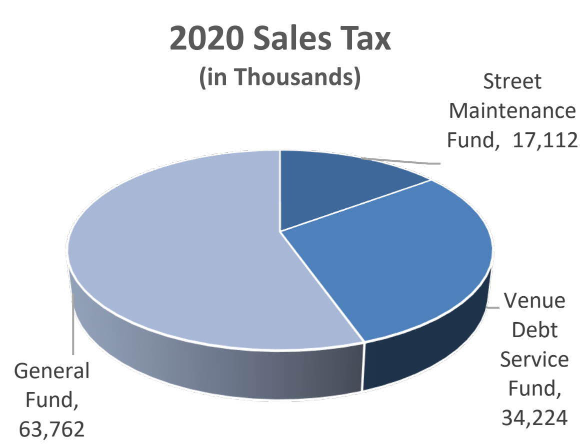
Mike Finley, CGFO
Finance Director/CFO

Local Economic Indicators

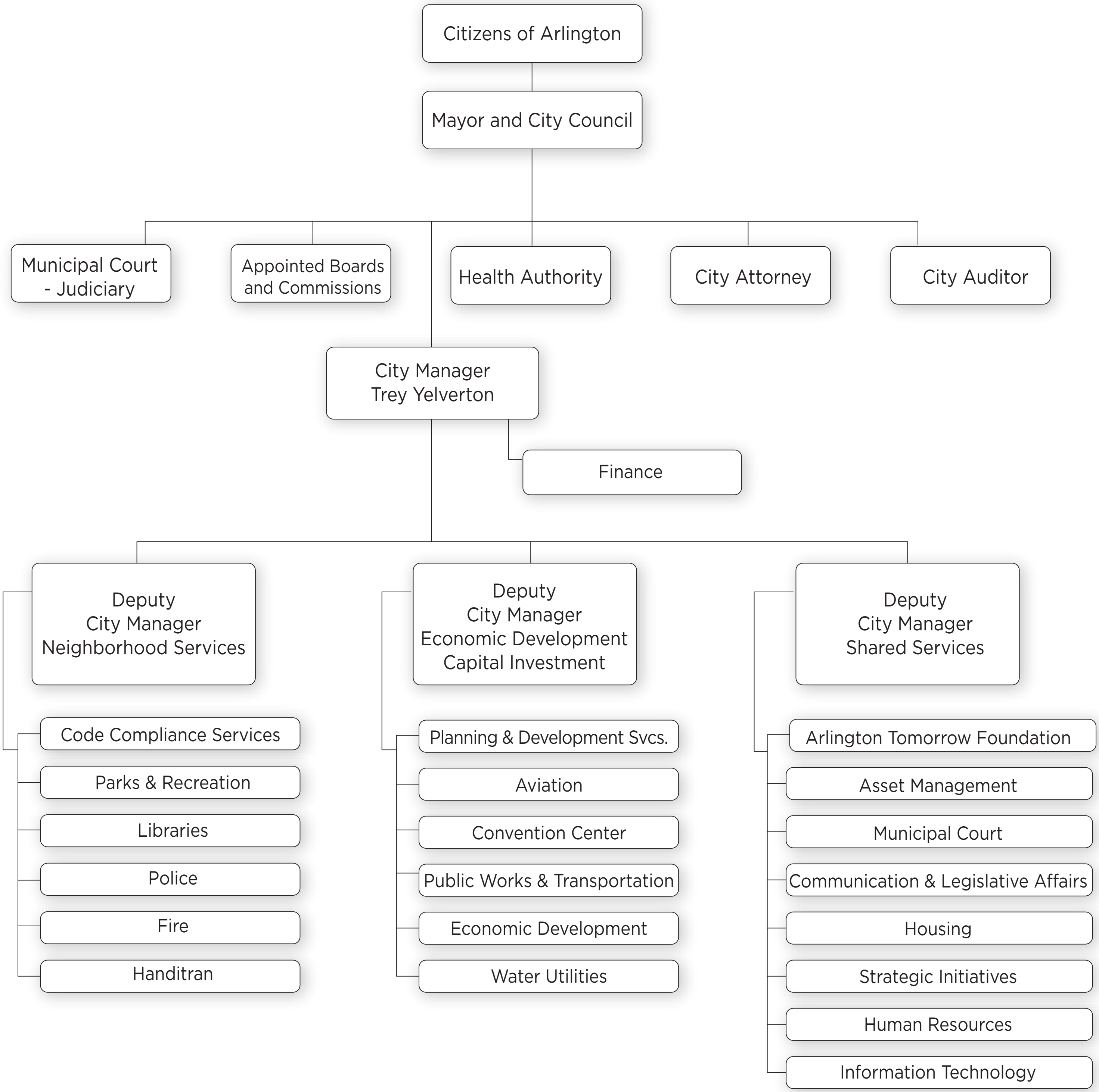
	2020	2019	2018
Property Tax Base (in thousands)*	(tax year 2019)	(tax year 2018)	(tax year 2017)
Personal	3,094,311	2,919,937	2,802,576
Real Estate	26,221,029	23,148,756	20,923,195
Mineral Lease Properties	169,810	146,407	119,677
Agricultural Properties	354	815	636
Total	29,485,504	26,215,915	23,846,084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

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





City of Arlington Organization Chart



Rev. 07.20

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Arlington
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

City of Arlington, Texas
City Council
At September 30, 2020

Jeff Williams
Mayor
Term expires May 2021

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

Helen Moise, District 1
*Term expires May 2020

Sheri Capehart, District 2
*Term expires May 2020

Marvin Sutton, District 3
Term expires May 2021

Andrew Piel, District 4
Term expires May 2021

Dr. Ignacio Nunez, District 5
Term expires May 2021

Robert Shepard, District 6 At Large
*Term expires May 2020

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

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

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

BKD
CPAs & Advisors

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Arlington, Texas (City) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Arlington Housing Authority, the Arlington Convention and Visitors Bureau, Inc., or the Arlington Tourism Public Improvement District (component units), discretely presented component units, which statements reflect 10%, 8%, and 69% of assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison and pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

BKD, LLP

Dallas, Texas
March 3, 2021

CITY OF ARLINGTON, TEXAS

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

As management of the City of Arlington (City), we offer readers of the City's Comprehensive Annual Financial Report this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found beginning on page vii of this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by $2.77 (net position). Of this amount, $128.6M represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's total net position increased $390M during the current period primarily due to increases to net investment in capital assets and the amount restricted for debt service.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $353M, an **increase** of $8M in comparison with the prior year. Within this total, $221M is restricted for specific legal requirements and $119M has been committed or assigned to specific types of expenditures. The remaining unassigned fund balance in the general fund and can be used for any lawful purpose.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the governmental fund was $129M, or approximately 27% of total governmental fund expenditures.
- The City's total outstanding long-term debt of $1.53B **increased** $171M during the year. Debt issues in 2020 include $8.7M in Permanent Improvement Refunding Bonds, $9.2M in Certificates of Obligation Bonds, $39.6M in Permanent Improvement Bonds, $174.7 General Obligation Pension Bonds, $5.3M in Water and Wastewater System Revenue and Refunding bonds, $9.8M in Stormwater Revenue bonds, and $13.5M in Storm Water Refunding Revenue bonds. Bond principal payments for 2020 total $59.2M on existing obligations. Exclusive of special venue debt, City of Arlington debt is allocated 64% for general government, with the remaining 36% to water, wastewater, and storm water activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

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

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

- Component Units – For fiscal year 2020, the City includes seven discretely presented component units in its report – Arlington Housing Authority (AHA), Arlington Convention and Visitors Bureau (ACVB), Arlington Housing Finance Corporation (AHFC), Arlington Tomorrow Foundation (ATF), Arlington Economic Development Corporation (no activity), the Arlington Convention Center Development Corporation (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, Streets Capital Projects Fund, and the Ballpark Venue Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate, nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

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

Government-wide Overall Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial position. The City's combined net position was \$2.77B as of September 30, 2020. The largest portion of the City's net position \$2.43B (50%) reflects its investments in capital assets (e.g. land, building, equipment, improvements, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens. Accordingly, these assets are not available for future spending. They do, however, represent an obligation on the part of the City to maintain these assets into the future.

City of Arlington's Net Position

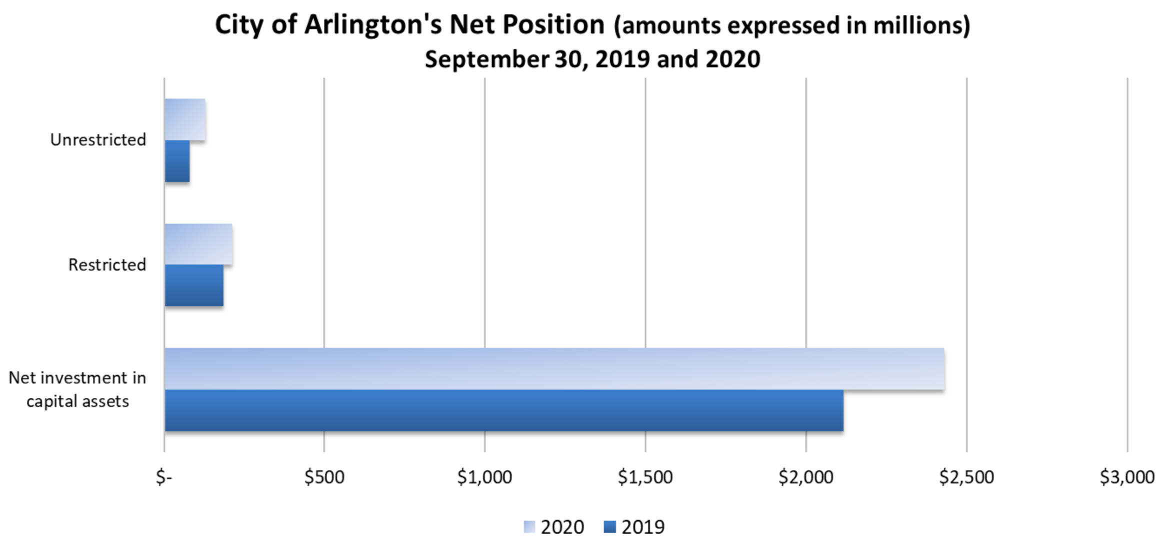
(Amounts Expressed in Millions)

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

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

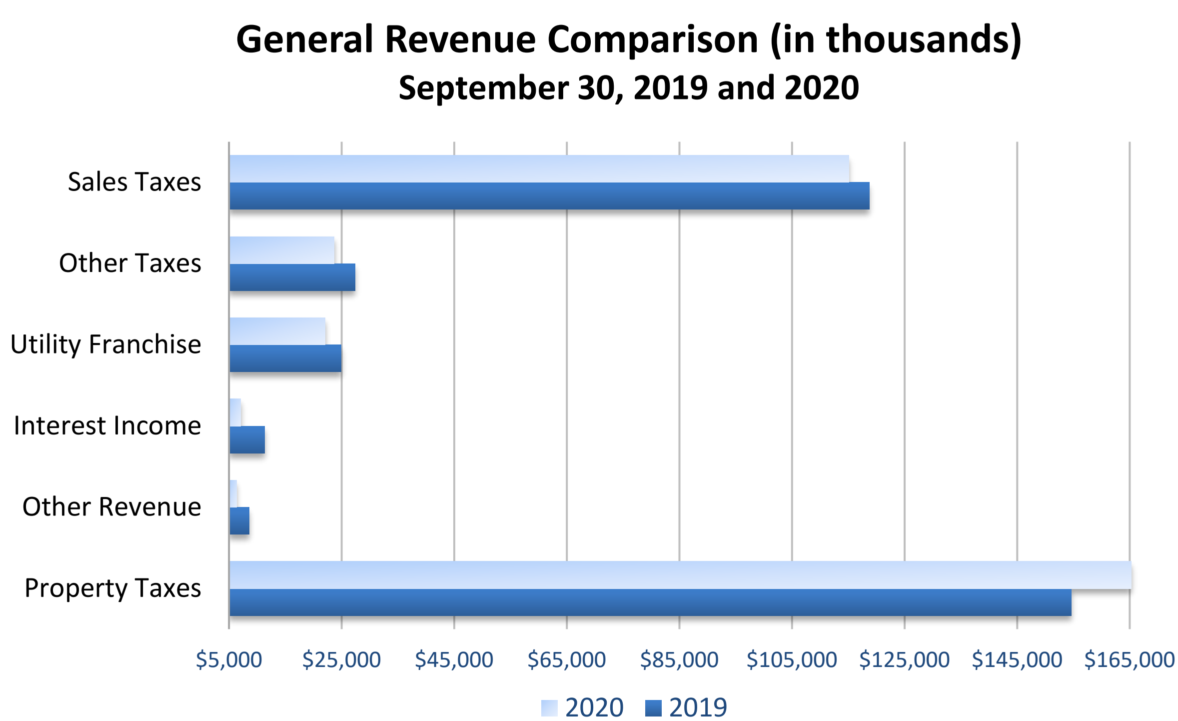
An additional portion of the City's net position of $212M (7.7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of $128M (4.6%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reports positive balances in all reported categories of net position, both for the governmental and business-type activities. Overall net position increased $390M from the prior fiscal year.



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

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



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

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

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

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

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

Business-type Activities

During the current fiscal year, net position for business-type activities increased $33.9M from the prior fiscal year for an ending balance of $835.7M. The increase in overall net position of business-type activities is the result of the increased amount restricted for debt service. The revenue increase of $6.9M in business-type activities (Water and Wastewater/Storm Water Utility) is a result of an increase in water sales and sewer service revenues reported in service charges and interest for the current year. Expenses were reduced a minimal amount from the previous year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2020, amounts to $3.8B (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, water treatment plants, and stadiums. The total increase in capital assets for the current fiscal year was $417M. This is a 12.3% increase over the prior fiscal year. Footnote 5 in the notes to the financial statements provides more detailed information regarding the City's capital asset activity.

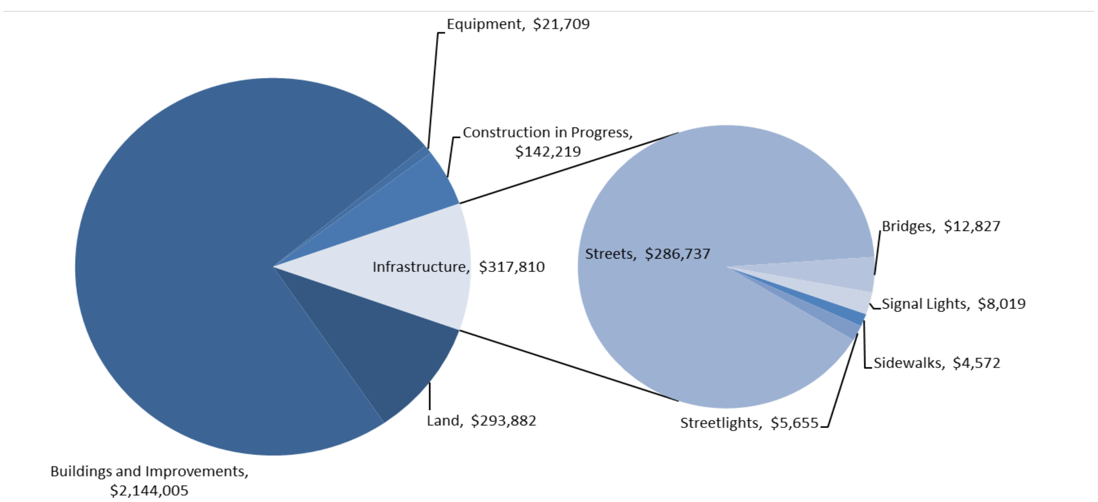
City of Arlington's Capital Assets
(in thousands, net of depreciation)

	Governmental activities		Business-type activities		Total	
	2019	2020	2019	2020	2019	2020
Land	$ 243,968	$ 293,882	$ 23,002	$ 23,757	$ 266,970	$ 317,639
Buildings and improvements	910,454	2,144,004	2,626	7,416	913,080	2,151,420
Machinery and equipment	56,904	21,709	328	216	57,232	21,925
Construction in progress	1,022,432	142,219	98,003	98,697	1,120,435	240,916
Infrastructure	300,901	317,810	-	-	300,901	317,810
Drainage system	-	-	82,102	87,478	82,102	87,478
Water and sewer system	-	-	644,019	664,060	644,019	664,060
Totals	$ 2,534,659	$ 2,919,624	$ 850,080	$ 881,624	$ 3,384,739	$ 3,801,248

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

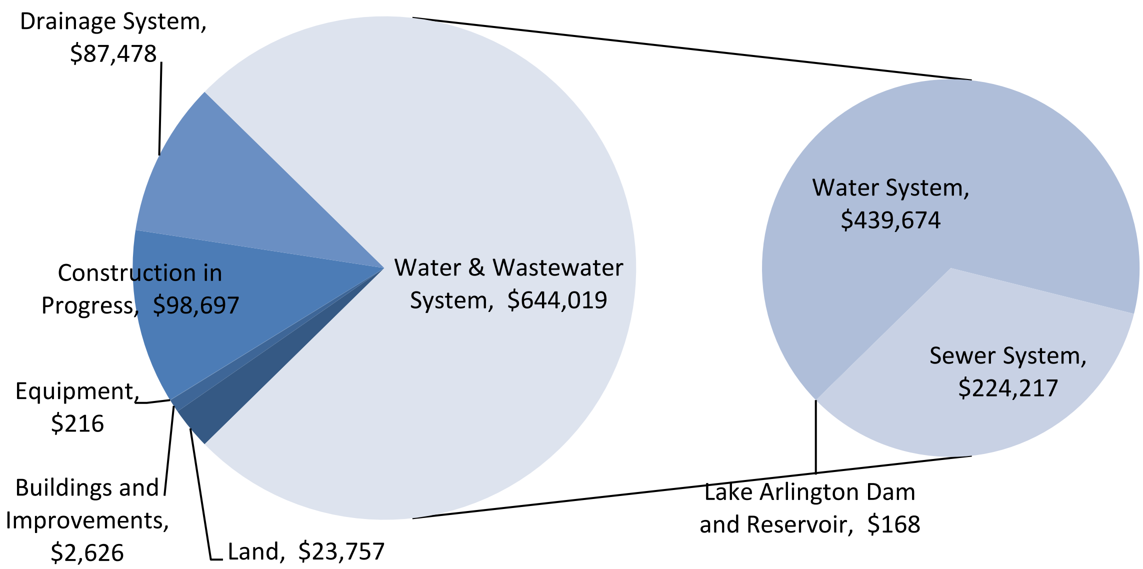
- Private developer capital contributions of $3.2M to the City's water and sewer infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion of $33.8M
- Storm drainage system capital improvements and expansion of $17.2M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

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



Asset	Book Value	Accumulated Depreciation	Net Value
Sidewalks	$ 69,399	$ (64,827)	$ 4,572
Streetlights	19,202	(13,547)	5,655
Streets	896,129	(609,392)	286,737
Bridges	43,200	(30,373)	12,827
Signal Lights	19,861	(11,842)	8,019
	$ 1,047,791	$ (729,981)	$ 317,810

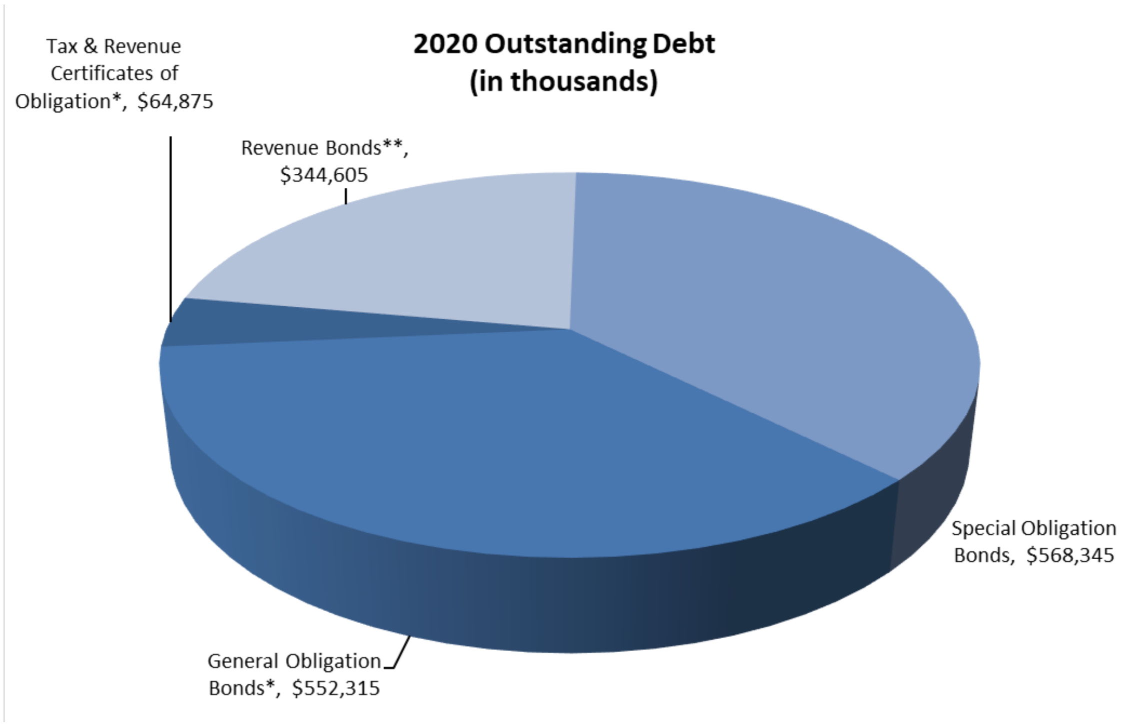
The City's business-type activities infrastructure investment, including accumulated depreciation, breaks down as follows (in thousands):

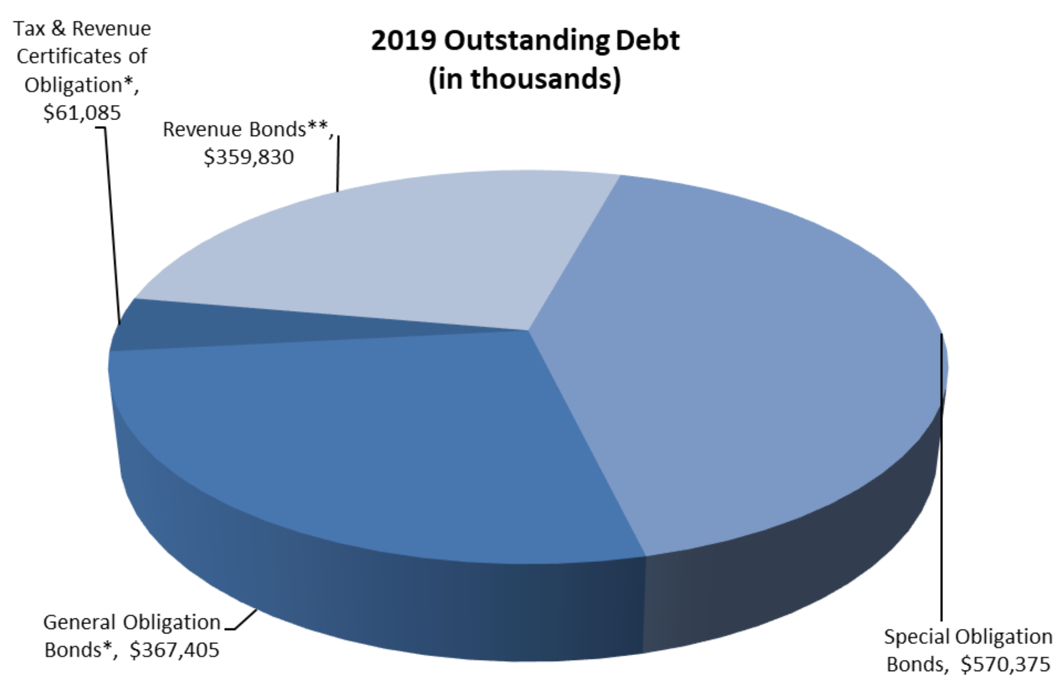


Asset	Book Value	Accumulated Depreciation	Net Value
Lake Arlington Dam and Reservoir	$ 2,619	$ (2,451)	$ 168
Water System	679,292	(239,618)	439,674
Sewer System	353,063	(128,846)	224,217
	$ 1,034,974	$ (370,915)	$ 664,059

Debt

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





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

City of Arlington's Outstanding Debt

(in thousands, net of depreciation)

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

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

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

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

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

General bonded debt per capita increased from $1,160 in 2019 to $1,647 in 2020.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net bonded debt to assessed value of all taxable property is 2.2%.

The City maintains a self-insurance program for bodily injury, property damage, personal injury, advertising injury, regulatory injury and worker's compensation. Claims for worker's compensation over $750,000 per occurrence are covered by a private insurance company. Claim liabilities are actuarially determined and take into consideration claim experience, adjustment expenses, economic, and other factors which can vary considerably from year to year. Total estimated claims liability at September 30, 2020 was $10.0M.

THE CITY'S FUNDS

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

- Street Capital Projects fund balance increased in fiscal year 2020, up from $88M to $100M. The $12M increase in fund balance in primarily due to debt issuance of $39.1M, offset by $29M spent on capital outlay and contribution and interest revenues of $2.9M.

- The City's water and sewer fund net position of $706.8M increased by $25.6M in the current year. The increase in net position is primarily due to operating revenues exceeding expenses by $55M, capital contributions of $3M and net transfers out of $27.8M.

- The Storm Water Utility fund saw an increase of $8.6M to net position in 2020. Storm water fee revenues exceeded fund expenses by $12.7M and transfers out of $1.5M were completed, increasing net position to $133.6M at the end of the fiscal year.

GENERAL FUND BUDGET HIGHLIGHTS

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

Actual expenditures on a budgetary basis of $250.2M were less than budgeted expenditures of $265.4M. Savings were due to cost cutting measures implemented in all categories of the expenditures due to the Covid-19 pandemic.

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

ECONOMIC FACTORS AND FISCAL YEAR 2021

Each year, the City Council identifies community priorities that guide how to allocate the City's resources. The annual Budget and Business Plan are developed to address the City Council's adopted priorities. Economic development continues to be a priority in order to capitalize on development throughout the region. The City must continue to look for ways to innovate, provide the highest value possible to residents, respond to challenges, and plan for the future. The 2021 Budget also focuses on public safety funding, opening and maintaining City facilities. General Fund property tax revenues increased to $115M and sales taxes were lower in 2020. Key budget priorities in 2021 are:

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

The City's total General Fund revenues and transfers for 2021 are budgeted at $247.6M, and total General Fund expenditures are expected to be $249.6M, a decrease of $7M over 2020.

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

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

The City's portion of the local 8 cent sales tax rate is one and three-quarter cents. The General Fund receives one cent, one-quarter cent is dedicated to the Street Maintenance Fund, and one-half cent provides for debt service for venue debt. Sales tax revenue for the General Fund for fiscal year 2021 is estimated at $61.6M, a decrease of $6.8M from 2020 estimates.

The City's Water and Sewer Fund accounts for approximately 24% of the City's revenue. The mission of the Water Utilities Department is to provide a continuous supply of high-quality drinking water and ensure safe disposal of wastewater in a responsive, cost-effective manner while continuing to improve service to citizens and planning for future needs. The largest revenue sources for the Water and Sewer Fund is water sales and wastewater treatment budgeted at $79.6M and $73.1M respectively for FY 2021. The City maintains a rate structure designed to ensure that each category of service is self-supporting.

Details of the City of Arlington Fiscal Year 2021 Operating Budget can be accessed on the City's website: http://www.arlington-tx.gov/budget/.

REQUESTS FOR INFORMATION

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

ARLINGTON℠

THE AMERICAN DREAM CITY

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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, 2020
(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	$ 90,202	$ 25,378	$ 71	$ 47
Public safety	184,574	13,655	10,671	-
Public works	78,174	1,983	119	3,376
Public health	3,219	4,513	-	-
Parks and recreation	34,190	10,916	602	377,239
Public welfare	25,028	198	9,730	-
Convention and event services	18,041	942	-	-
Interest and fiscal charges	38,627	-	-	-
Total Governmental Activities	472,055	57,585	21,193	380,662
Business-Type Activities:				
Water and sewer	116,975	165,047	-	3,194
Storm water utility	9,579	19,650	-	-
Total Business-Type Activities	126,554	184,697	-	3,194
Total Primary Government	$ 598,609	$ 242,282	$ 21,193	$ 383,856
Component Units:				
Arlington Housing Authority	$ 33,466	$ -	$ 33,815	$ -
Arlington Convention and Visitors Bureau	5,514	5,065	948	-
Arlington Tomorrow Foundation	4,804	-	-	-
Arlington Housing Finance Corporation	37	414	-	-
Arlington Tourism Public Improvement District	1,936	1,756	-	-
Arlington Convention Center Development Corp	9,221	-	9,222	-
Arlington Economic Development Corp	-	-	-	-
Total Component Units	$ 54,978	$ 7,235	$ 43,985	$ -

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

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

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

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

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

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

CITY OF ARLINGTON, TEXAS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION OF GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

Total fund balances per balance sheet			$ 353,287
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excluding $13,845 recorded in the internal service funds).			2,905,779
Landfill Closure/Post-closure			22,313
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
	Fund Deferred Inflows	Net Position Deferred Inflows	
Taxes	$ 4,315	$ -	
Landfill	2,058	2,058	
Grant revenue	16,908	19,592	
Ballpark lease	41,801	34,217	
Ballpark Settlement	3,328	-	
Unearned	2,684	-	15,227
	71,094	55,867	
Internal service funds are used by management to charge the cost of fleet services, knowledge services, risk management, workers' compensation and group health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			29,251
Long-term liabilities, including bonds payable, arbitrage and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds.			
Bonds payable		$ (1,185,535)	
Premium general obligation debt		(79,080)	
Discount on bonds		1,970	
Deferred outflow of resources (refunding)		11,257	
Accrued interest payable		(5,496)	
Landfill Closure/Post-closure		(22,313)	
Compensated absences		(36,663)	
Pension:			
Net pension asset (liability)	$ (131,177)		
Deferred inflow-actuarial gain	$ (33,918)		
Deferred outflow-assumption changes	14,973		
Deferred outflow-contributions	182,659	32,537	
Other Post Employment Benefits (OPEB)			
Total OPEB Liability	(117,522)		
Deferred inflow-OPEB expected/actual	(4,736)		
Deferred outflow-assumption changes	10,907		
Deferred outflow-contributions	4,624	(106,727)	
Estimated claims		(736)	(1,390,786)
Net position of governmental activities			$ 1,935,071

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

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

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

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

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

Net change in fund balances - total governmental funds		$ 8,434
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		457,562
Depreciation on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds.		(71,229)
Revenues in the statement of activities that do not provide current financial recources are not reported as revenues in the funds.		1,025
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of certificates of obligation	(232,216)	
Repayment of general obligation debt	45,746	
Proceeds from issuance of bonds	(9,228)	
Amount to fund escrow	173,273	
Amortization of bond premium	5,684	
Repayment of capital lease	5,731	
		(11,010)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(2,832)	
Accrued interest expense	(6)	
Estimated pollution remediation	-	
Net pension asset (liability)	(20,676)	
Net OPEB liability	(1,260)	
Estimated salary expense	(736)	
		(25,510)
Internal service funds are used by management to charge the costs of fleet management and management information systems, property liability loss, health claims and offices services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities.		(3,069)
Change in net position of governmental activities		$ 356,203

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	$ 4,494	$ 1,143	$ 5,637	$ 796
Accrued compensated absences	86	16	102	-
Revenue bonds payable from unrestricted assets	9,367	3,075	12,442	-
Current Liabilities Payable From Restricted Assets:				
Accounts payable and accrued liabilities	2,236	-	2,236	-
Retainage payable	785	615	1,400	-
Accrued interest	2,708	400	3,108	-
Estimated claims payable	-	-	-	3,627
Revenue bonds payable from restricted assets	12,498	-	12,498	-
Meter deposits	7,933	-	7,933	-
Total Current Liabilities	40,107	5,249	45,356	4,423
Noncurrent Liabilities:				
Estimated claims payable	-	-	-	5,671
Rebatable arbitrage payable	201	-	201	-
Compensated absences	2,409	370	2,779	-
Revenue bonds payable from unrestricted assets	291,334	42,406	333,740	-
Net pension liability	9,138	-	9,138	-
OPEB liability	8,174	-	8,174	-
Total Noncurrent Liabilities	311,256	42,776	354,032	5,671
Total Liabilities	351,363	48,025	399,388	10,094
Deferred Inflows of Resources:				
Deferred inflow - pension/OPEB benefits/contributior	327	-	327	-
Deferred inflow - investment/actuarial pension/OPEB	2,350	-	2,350	-
Total Liabilities and Deferred Inflows of Resources	354,040	48,025	402,065	10,094
NET POSITION				
Net investment in capital assets	559,795	129,547	689,342	13,845
Restricted for debt service	106,207	1,039	107,246	-
Unrestricted	40,843	3,079	43,922	10,592
Total Net Position	$ 706,845	$ 133,665	$ 840,510	$ 24,437

Reconciliation to government-wide statements of net position:	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(4,814)
Net position of business-type activities	$ 835,696

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			
	Water and Sewer	**Storm Water Utility**	**Total**	**Governmental Activities- Internal Service Funds**
Operating Revenues:				
Water sales	$ 81,555	$ -	$ 81,555	$ -
Sewer service	73,241	-	73,241	-
Storm water fee - commercial	-	9,257	9,257	-
Storm water fee - residential	-	10,330	10,330	-
Service charges	-	-	-	33,341
Sundry	10,251	-	10,251	-
Miscellaneous	-	63	63	-
Total Operating Revenues	165,047	19,650	184,697	33,341
Operating Expenses:				
Purchase of water	20,406	-	20,406	-
Purchase of sewage treatment	38,731	-	38,731	-
Salaries and wages	14,896	2,397	17,293	-
Employees' retirement	2,066	355	2,421	-
Supplies	2,766	53	2,819	1,632
Maintenance and repairs	4,235	275	4,510	632
Utilities	2,461	17	2,478	50
Claims (net of adjustments)	25	-	25	30,527
Legal and professional	240	-	240	91
Depreciation	20,061	2,658	22,719	3,924
Miscellaneous services	4,184	1,193	5,377	2,833
Total Operating Expenses	110,071	6,948	117,019	39,689
Operating Income (Loss)	54,976	12,702	67,678	(6,348)
Nonoperating Revenues (Expenses):				
Interest revenue	1,466	-	1,466	350
Net increase in the fair value of investments	338	68	406	288
Miscellaneous Revenue	-	-	-	883
Gain (loss) on sale of assets	-	-	-	(2)
Interest expense and fiscal charges	(6,551)	(2,631)	(9,182)	-
Total Nonoperating Revenues (Expenses)	(4,747)	(2,563)	(7,310)	1,519
Income (loss) before transfers and contributions	50,229	10,139	60,368	(4,829)
Contributions in aid of construction	3,194	-	3,194	-
Transfers in	11,874	-	11,874	1,407
Transfers out	(39,684)	(1,504)	(41,188)	-
Change in Net Position	25,613	8,635	34,248	(3,422)
Total Net Position, October 1	681,232	125,030	806,262	27,859
Total Net Position, September 30	$ 706,845	$ 133,665	$ 840,510	$ 24,437

Net change in net position - total proprietary funds	$ 34,248
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(353)
Change in net position of business-type activities	$ 33,895

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

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

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

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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

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

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

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 postemployment benefit retirement plans are provided, as required, in the Required Supplementary Information section.

B. Reporting Entity

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

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

- The City appoints the voting majority of the board of the component unit and:
  - Is able to impose its will on the component unit and/or
  - Is in a relationship of financial benefit or burden with the component unit

- The component unit is both:
  - fiscally dependent upon the City, and
  - there is a financial benefit or burden.
- The financial statements of the City would be misleading if data from the component unit were omitted.

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

Arlington Housing Authority

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

Arlington Convention and Visitors Bureau, Inc.

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

Arlington Tomorrow Foundation

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

Arlington Housing Finance Corporation

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

Arlington Convention Center Development Corporation

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

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

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

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

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Governmental Funds:

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

Major Funds:

a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Public Health, Public Welfare, Parks and Recreation, etc.) and is the primary operating unit of the City.

b. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

c. Street Capital Projects Fund (capital projects fund) accounts for the purchase of rights of way and land, construction of streets and related facilities, and to account for various other projects related to street construction. Funds are provided primarily through bond sales, interest earnings, and impact fees.

d. Ballpark Venue Fund (capital projects fund) accounts for the costs associated with the building of the new Ballpark Venue for the Texas Rangers Baseball Club.

e. Other Governmental Funds is a summarization of all the nonmajor governmental funds, including capital project and special revenue funds.

2. Proprietary Funds:

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

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

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

.3. Fiduciary Fund Types:

The City additionally reports the following fiduciary fund types (major fund reporting requirements do not apply to fiduciary funds):

a. Agency Funds are used to account for assets held by the City in an agency capacity for payroll related benefits, escheat property for the state, and other assets held for individuals, local law enforcement agencies and developers.

b. Pension Trust Funds are used to account for the accumulation of resources to be used for the retirement and disability benefit payments to qualified City employees.

E. Cash, Cash-Equivalent Investments and Investments

To facilitate cash management, the operating cash of certain funds and component units is pooled into a cash management pool for the purpose of increasing income through combined investment activities. This cash and investment pool is available for use by all funds and component units except the Trust Funds and the AHA, which maintain separate investments. Each fund's portion of this pool is allocated through its cash and cash-equivalent investment account on the balance sheet. In addition, certain other investments are separately held by several of the City's funds. Interest is allocated on a monthly basis to all funds in the investment pool based on their average balance at the end of each month. Interest earned by separate investments is credited to the respective funds.

For purposes of the statement of cash flows, the City considers all unrestricted investments included in its cash management pool to be cash-equivalent investments as these balances are used essentially as demand deposit accounts by the individual funds. Investments included in the cash management pool which are restricted for use are reported as investments. Additionally, certificates of deposit and temporary investments held separately from the City's cash management pool and which are purchased with original maturities at the time of purchase of three months or less are reported as cash equivalent investments.

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

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

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

I. Arbitrage Liability

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

J. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*, as amended.

Beginning in fiscal year 2015, and in accordance with GASB 68 and 71, the City's net pension liability is recorded on the face of the financial statements. The City elected to allocate the net pension liability among governmental and business type activities based on measurement year contribution percentages. The City elected to absorb fund allocations of less than 1.25% of total contributions to Governmental activities. Component units' contributions total 0.91% of total contributions and are not allocated separately, due to the threshold percentage. The estimated amount of net pension liability included in governmental activities for component units is $1.279M. Detailed pension information is discussed in footnote 6.

K. Compensated Absences

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

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

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

L. Long-term Obligations

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

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

M. Nature and Purpose of Classifications of Fund Equity

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

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

N. Minimum Fund Balance Policy

It is the desire of the City to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial standard to maintain a General Fund working capital reserve at a minimum level of 8.33% ($1/12^{th}$) 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 reporting period(s) and so will not be recognized as an outflow of resources (reduction of liability/expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded and refunding debt. The other is deferred pension and OPEB related items reported in the government-wide statement of net position.

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

Q. New Accounting Pronouncements

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

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

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

Statement No. 84, *Fiduciary Activities,* which is effective for the City beginning in fiscal year 2021. This statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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

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

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

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

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

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is effective for the City beginning in fiscal year 2023. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-

public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements APAs).

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which is effective for the City immediately. The primary objective of this Statement is to provide temporary relief to governments and stakeholders in light of the COVID-19 pandemic. This is accomplished by postponing the effective dates of certain provisions in Statements and implementation Guides that first became effective for periods beginning after June 15, 2018, and later. These date changes have been reflected in the Statements listed above.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, which is effective for the City beginning in fiscal year 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires notes disclosures regarding a SBITA.

Statement No. 97, *Certain Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and a Suppression of GASB Statement No. 32*, which is effective for the City beginning in Fiscal Year 2022. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The City Council adopts an annual legal budget, which covers the General Fund, the Debt Service Fund, the Enterprise Funds, and certain Special Revenue Funds (Park Performance, Convention and Event Services and Street Maintenance). All unencumbered appropriations lapse at fiscal year-end, except certain of those of the Special Revenue Funds. The budgets for the General Fund, the Debt Service Fund, and certain Special Revenue Funds are prepared on the modified accrual basis except for encumbrances which are treated as expenditures on the budgetary basis and interdepartmental expenses which are eliminated. The budgets for the Enterprise Funds are prepared on the modified accrual basis and include encumbrances, debt principal retirements and capital outlays as expenses. Additionally, the Enterprise Funds do not include depreciation as a budgetary expense. The schedules comparing budget and actual amounts for these governmental funds include adjustments to those budgetary basis for the differences noted above and for certain other revenue and expenditure items which are reported in the City's budget differently than they are reported for accounting principles generally accepted in the United States. Budgetary level of control is exercised at the fund level. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures of the General Fund, Debt Service Fund, and certain Special Revenue funds must be approved by the City Council. During Fiscal Year 2020, there were no operating budget amendments.

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

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

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

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

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

B. Excess of expenditures over appropriations

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

C. Deficit fund equity

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

III. DETAILED NOTES ON ALL FUNDS

1. CASH, CASH-EQUIVALENT AND INVESTMENTS

Deposits - At September 30, 2020, the carrying amount of the City's demand deposits was $39,245,000 (bank balance, $40,810,000). The balance in cash on hand was $30,000 at year end.

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

Cash, Cash-equivalent investments and investments include: (amounts in thousands) Governmental Activities $395,067, Business-type Activities $240,544 and Agency and Pension Trust Funds $7,634.

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

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

The City has investments in government pools at September 30, 2020 totaling $228,107 (amount in thousands) which are recorded at amortized cost or net asset value (NAV) and have a credit risk rating of AAA.

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

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

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

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

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

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.

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

The City's investments in local government investment pools include investments in TexPool Prime, TexPool, TexasDaily, TexStar, Texas Class Government and Texas Class. These are public funds investment pools operating as an SEC 2a-7 like pool in full compliance with the Public Funds Investment Act and are rated as AAA money market funds by Standard & Poor's. The City has Local Government Investment Pools of $228,107 and Money Market Funds of $75,439 (amounts in thousands).

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of September 30, 2020 (amounts in thousands):

		Fair Value Measurements Using		
	9/30/2020	**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	3,009		3,009	
Agency	280,901	-	280,901	-
Texas Municipal	11,657	-	11,657	-
Non-Texas Municipal	4,857	-	4,857	-
	300,424	**-**	**300,424**	**-**

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

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

2. PROPERTY TAXES

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

Appraised values are established by the Tarrant Appraisal District at 100 percent of estimated market value and certified by the Chief Appraiser. The total market value for FY20 was $43,090,778,000 which encompasses all properties in Arlington, including real estate, personal, and mineral properties prior to any exemptions or abatements. The assessed value for the tax roll as of September 1, 2019 upon which the original FY20 levy was based, was $25,921,882,000.

City property tax revenues are recorded as receivables and unearned revenues at the time the tax levy is billed. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year-end. An allowance is provided for delinquent property taxes not expected to be collected in the future.

For the fiscal year ended September 30, 2020, the City had a tax rate of $0.6240 ($0.4467 for general government and $0.1773 for debt service) per $100 assessed valuation with a tax margin of $1.876 per $100 valuation based upon a maximum ad valorem tax of $2.50 per $100 valuation permitted by Article XI, Section 5, of the State of Texas Constitution. Additional revenues up to approximately $486,294,506 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately $25,921,822,000.

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

3. VENUE DEVELOPMENT PROJECT

Overview

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

The 2004 Venue Election and the Cowboys Project

At an election held in the City, on November 2, 2004 pursuant to Chapter 334, Texas Local Government Code, as amended, a majority of the voters voting at said election voted in favor of a proposition authorizing the City to (i) establish and finance the Dallas Cowboys Complex (the "Cowboys Project") as a sports and community venue project of the type described and defined in the Act, (ii) impose a sales and use tax within the City at a rate of one-half of one percent (0.5%) (the "Sales Tax"), (iii) impose a tax at a maximum rate of five percent (5%) on the gross rental receipts from the short-term rental in the City of a motor vehicle (the "Motor Vehicle Rental Tax"), (iv) impose a tax on the occupancy of a room in a hotel located within the City, at a maximum rate of two percent (2%) of the price paid for such room (the "Hotel Occupancy Tax" and together with the Sales Tax and the Motor Vehicle Rental Tax, the "Pledged Special Taxes"), (v) impose an admissions tax on each ticket sold as admission to an event held at the Cowboys Project, at a rate not to exceed ten percent (10%) of the price of the ticket sold as admission (the "Cowboys

Admissions Tax”), and (vi) to impose a tax, not to exceed three dollars ($3.00) per vehicle, on each parked motor vehicle parking in a facility of the Cowboys Project (the “Cowboys Parking Tax”) for the purpose of financing the Cowboys Project. The Dallas Cowboys are based in the City of Frisco, Texas, and play their home games at AT&T Stadium located in Arlington. The Dallas Cowboys are a professional football team owned by the Dallas Cowboys Football Club, Ltd., a Texas limited partnership (the “Cowboys’ Owner”), operating under a franchise issued by the National Football League (the “NFL”) in 1960.

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

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Cowboys Stadium, L.P. (the “Tenant”) for lease of the Complex. The Lease Agreement calls for an initial term of 30 years. Monthly lease payments of $166,666.67 began in June, 2009 for an annualized rental rate of $2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of $1 million per year for the first 10 years and $1.25 million per year for all remaining renewals. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The tenant will also make separate annual payments to the City, beginning during the construction period, equal to five percent of the net naming rights revenue, if any, received by the Tenant, capped at $500 thousand per year. The revenue for this fiscal year was $500,000. The lease is accounted for as an operating lease. The cost of the stadium is $1,109,951,954 with accumulated depreciation of $265,971,843.

Conduit Debt - In 2006, $147,865,000 Cowboy Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2006 (the “Cowboys Admission and Parking Taxes Revenue Bonds”) with a pledge of a 10% admissions tax and a $3 parking tax for events held at the Complex, with additional security provided by a Guaranty Agreement from The Cowboys Stadium, L.P., were issued to fund a portion of the Dallas Cowboy’s funding for the Complex. The Cowboys Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City’s revenue sources and accordingly have not been reported as a liability in the City’s financial statements but are disclosed here as conduit debt. At September 30, 2020, outstanding conduit debt was $128,130,000.

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

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

The 2016 Venue Election and the Rangers Project

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

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Rangers Stadium Company LLC. (the "Tenant") for lease of the Rangers Complex. The Lease Agreement calls for an initial term from commencing upon occupation through January 1, 2054. Monthly lease payments of $166,666.67 began upon occupation for an annualized rental rate of $2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of $1 million per year for two successive renewal periods of five years each. The Lease Agreement also provides the Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The lease is accounted for as an operating lease. The cost of the stadium is $1,284,106,396 with accumulated depreciation of $13,751,310.

Conduit Debt - In 2020, $321,717,000 Rangers Baseball Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2020 (the "Rangers Admission and Parking Taxes Revenue Bonds") with a pledge of a 10% admissions tax and a $3 parking tax for events held at the Complex. The Rangers Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City's revenue sources and accordingly have not been reported as a liability in the City's financial statements but are disclosed here as conduit debt. At September 30, 2020, outstanding conduit debt was $321,717,000.

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

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

4. RECEIVABLES

Receivables at September 30, 2020 for the government's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following (amounts expressed in thousands):

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

5. CAPITAL ASSETS

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

(Amounts expressed in thousands)

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

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

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

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

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	$ 114	$ -	$ 677
Machinery and equipment	382	-	-	382
Totla capital assets, being depreciated	945	114	-	1,059
Less accumulated depreciation for:				
Buildings and improvements	(351)	(12)	-	(363)
Machinery and equipment	(370)	(10)	-	(380)
Total accumulated depreciation	(721)	(22)	-	(743)
Arlington Housing Authority, Inc. Capital assets, net	$ 224	$ 92	$ -	$ 316

	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	$ 739	$ 9	$ -	$ 748
Total capital assets, being depreciated	739	9	-	748
Less accumulated depreciation for:				
Machinery and equipment	(578)	(74)	-	(652)
Total accumulated depreciation	(578)	(74)	-	(652)
Arlington Convention and Visitors Bureau, Inc. Capital assets, net	$ 161	$ (65)	$ -	$ 96

6. PENSION AND EMPLOYEE BENEFIT PLANS

Texas Municipal Retirement System

A. Plan Description

The City provides pension benefits for all its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 888 administered by TMRS, an agent, multiple-employer public employee retirement system. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

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

C. Contributions

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

Employees for the City of Arlington were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Arlington were 15.96% and 16.29% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were $29,866,086 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

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

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 0219 municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and a 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

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

Discount Rate:

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

Changes in the Net Pension Liability

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

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

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

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

	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)
City's net pension liability	$325,286,635	$140,589,732	($11,108,370)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2020, the City recognized pension expense of $39,821,981.

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

	Deferred Outflow of Resources	**Deferred Inflow of Resources**
Differences between expected and actual economic experience	$ -	$36,149,000
Changes of assumptions	15,983,000	-
Net difference between projected actual earnings on pension plan investments	-	-
Contributions subsequent to the measurement date	195,990,000	-
Total	$211,973,000	$36,149,000

$195,990,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended September 30:	
2020	$ (5,007,046)
2021	(5,559,008)
2022	6,744,899
2023	(16,344,882)
2024	-
Thereafter	-
Total	$ (20,166,037)

Part-Time, Seasonal and Temporary Employees Deferred Income Plan

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

Plan Description

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

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

Contributions. The Retirement Committee establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2020, the active member average contribution rate was 3.0 percent of annual pay and the City's average contribution rate was 2.6 percent of annual payroll. The city's contributions to the plan for the year ended September 30, 2020, was $76,850 and was equal to the required contributions.

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

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

Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of June 30, 2020 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

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

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

Discount Rate:

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

Changes in the Net Pension Liability

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

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

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

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net pension asset	($4,699)	($275,766)	($498,367)

Pension Plan Fiduciary Net Position

The financial statements of the plan are presented below.

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

Statement of Fiduciary Net Position
June 30, 2020

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

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

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

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

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

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual economic experience	$ -	$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	28,227	118,146
Contributions subsequent to the measurement date	20,000	-
Total	$48,227	$118,146

$20,000 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2021	$ (18,155)
2022	(19,268)
2023	(32,823)
2024	(19,673)
2025	-
Thereafter	-
Total	$ (89,919)

Expenses (Reduction) of Expenses

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

TMRS	($163,317)
PST DIP	15
Total	($163,302)

Thrift Savings Plan

All full-time City employees may participate in the Thrift Savings Plan (the "Thrift"), a single-employer defined contribution plan administered by the Retirement Committee at the City. The plan provisions and contribution savings are adopted and amended by the City Council, within the options available in the federal statutes governing Internal Revenue Code, section 401(k). This voluntary IRS Code 401(k) plan allows all full-time City employees to contribute between 1 percent to 10 percent of their salary with the City matching the first 6 percent of employee contributions at 50 cents to the dollar. Partial vesting of employer contributions begins after three years of participation with full vesting taking place after six years of participation. At September 30, 2020, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was $261,957,000.

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

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

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

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

Changes in Net Position

Thrift Savings Plan

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

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

TMRS	$29,866
THRIFT	3,914
PTDIT	75
	$33,857

7. OTHER EMPLOYEE AND POSTEMPLOYMENT BENEFITS

Disability Income Plan

Plan Description

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

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

The Disability Income Plan does not issue separate GAAP financial reports. Its financial statements are presented below as of and for the year-ended September 30, 2020. (amounts in thousands):

ASSETS	
Cash and cash-like investments	$ -
Investments:	
U.S. Government securities	25
Common stock mutual funds	802
Balanced mutual funds	268
Participant borrowing	282
Total investments	1,377
	-
Total Assets	$ 1,377
LIABILITIES	
Accounts payable	-
Total Liabilities	-
NET POSITION	
Restricted for OPEB	1,377
Total Net Position	$ 1,377

Changes in Net Position
Disability Income Plan

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

Benefits Provided

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

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

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

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

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

Retirees and Beneficiaries	10
Inactive, Nonretired Members	1
Active Members	0
	11

Contributions

The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City's contribution is determined through an actuarial valuation. For the year ended September 30, 2020, the City contributed $77,000 to the plan. Administrative costs of DIP are financed through investment earnings.

Net Disability Income Plan Liability

The City's Total Disability Income Plan Liability was measured as of December 31, 2019.

Actuarial assumptions:

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

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

Changes in the Net Disability Income Plan Liability

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

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

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

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net OPEB liability	$44,895	($64,918)	($159,475)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions and other inputs	-	-
Contributions subsequent to the measurement date	56,785	-
Net difference between projected and actual earnings on OPEB plan investments	-	36,320
Total	$56,785	$ 36,320

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

Plan Year Ended September 30:	
2021	(8,003)
2022	(8,002)
2023	(1,331)
2024	(18,984)
Thereafter	-
Total	$ (36,320)

Retiree Health Insurance

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

To be eligible for retiree health insurance, an employee must be eligible to retire from the City of Arlington based upon the policies and requirements of the Texas Municipal Retirement System (“TMRS”) and elect to retire at the time of separation from the City. If a retiree has coverage through another employer, they must waive the City retiree coverage until the employer-based coverage terminates. As of December 31, 2019, there were 250 retired employees who met this requirement.

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

Benefits Provided

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

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

Retiree Health Insurance City Benefit Payments

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

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

Benefit Payments The City Council through the budget process has the authority to establish and amend payment requirements of the plan. Currently the plan is funded on a pay-as-you-go basis. The City's payments for the year ended September 30, 2020 were $6,583,000.

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

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

Net OPEB Liability

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

Actuarial assumptions:

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

.Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.75%
Inflation	2.50% per year
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rate in the MP tables.
Health Care Trend Rates	Pre-65: Initial rate of 7.10% declining to an ultimate rate of 4.25% after 14 years; Post-65: Initial rate of 6.40% declining to an ultimate rate of 4.25% after 14 years
Participation Rates	Following rates apply for retirees that are eligible for a subsidy and retire between the ages of 50 and 65: 45% for retirees with 10-14 years of service; 55% for retirees with 15-19 years of service; 65% for retirees with 20-24 years of service; 75% for retirees with 25-29 years of service; 80% for retirees with 30 or more years; 95% for retirees that are eligible for a subsidy and retire after the age of 65; 20% for retirees that are not eligible for a subsidy from the City; 10% for retirees that are eligible for a subsidy and retire before the age of 50

Discount Rate:

The discount rate used to measure the Total OPEB Liability was changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019.

Changes in the Total OPEB Liability

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

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

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

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

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

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
City's total OPEB liability	$110,791,044	$115,629,812	$121,232,749

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

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

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

Year Ended September 30:	
2021	$ 1,177,302
2022	1,177,302
2023	1,177,302
2024	1,177,302
2025	420,309
Thereafter	484,638
Total	$ 5,614,155

Supplemental Death Benefits Plan

Plan Description

Texas Municipal Retirement System ("TMRS") administers a single-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB75).

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

Benefits Provided

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

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

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

Contributions

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

Net Pension Liability

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

Actuarial assumptions:

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

Inflation	2.50% per year
Overall payroll growth	3.50% - 11.5% per year
Discount Rate	2.75%

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. For disabled retirees, the 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Actuarial assumptions used in the December 31, 2019, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2014 through December 31, 2018.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.75%, down from 3.75% in the previous year..

Changes in the Total OPEB Liability

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

Total OPEB liability as a percentage of covered payroll 5.45%

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.75%) or 1-percentage-point higher (3.75%) than the current rate:

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$268,405
Changes of assumptions and other inputs	1,293,821	-
Benefits subsequent to the measurement date	56,336	n/a
Total	$1,350,157	$268,405

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

Year Ended September 30:	
2021	$ 236,733
2022	236,733
2023	220,873
2024	131,120
Thereafter	199,957
Total	$ 1,025,416

8. DEBT AND LIABILITIES

General Obligation Bonds

On May 15, 2020, the City issued Permanent Improvement Refunding Bonds, Series 2020 of $8,720,000 with an interest rate of 2.00 to 5.00 percent and serial maturities on August 15 from 2021 through 2030. Interest on the bonds is due every February 15 and August 15, beginning February 15, 2021. The bonds were issued to refund currently outstanding obligations of the City, in order to achieve debt service savings; and paying the costs of issuing the 2020 bonds. Total interest requirements for the Series 2020 bonds at a rate from 2.00 to 5.00 percent is $1,465,915 in the aggregate.

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

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

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

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

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

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

General Obligation Pension Bonds

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

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

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

Certificates of Obligation

On May 15, 2020, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2020 of $9,205,000 with an interest rate of 2.00 to 5.00 percent. The Series 2020 Certificates will mature on August 15 over a period from 2021 to 2030. Interest is payable February 15 and August 15, beginning February 15, 2021. The total interest requirement for the Series 2020 at a rate of 2.00 to 5.00 percent is $1,719,436 in the aggregate. The certificates were issued to provide funds for acquisition and installation of firefighting vehicles and equipment; acquisition and installation of aircraft rescue and firefighting vehicles and equipment; information technology infrastructure and equipment for the City's public safety operations, design, development, construction, improvement and equipping of City drainage improvements and facilities; and to pay for professional services of attorneys, financial advisors and other professionals in connection with the issuance of the Certificates and the costs of issuance.

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

Year Ending September 30	Principal	Interest
2021	$ 6,410	$ 2,146
2022	6,615	1,926
2023	6,715	1,745
2024	6,810	1,533
2025	6,050	1,285
2026-2030	21,615	3,759
2031-2035	9,865	1,054
2036-2040	795	24
	$ 64,875	$ 13,470

Revenue Bonds

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

In May 2020, the City issued $5,185,000 in Water and Wastewater System Revenue Refunding Bonds, Series 2020A. Proceeds from the sale of these bonds will be used to provide funds to refund certain currently outstanding revenue obligations of the City in order to achieve debt service savings and to pay costs of issuance associated with the sale of the 2020A Bonds. These bonds mature June 1 over a period from 2021 to 2030. Interest, at a rate of 2.00 to 5.00 percent, is $911,310 in the aggregate.

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

In May 2020, the City issued $13,540,000 in Municipal Drainage Utility System Revenue Refunding Bonds, Series 2020B. Proceeds from the sale of these bonds will be used for the purpose of providing funds to refund certain currently outstanding revenue obligations of the City, in order to achieve debt service savings and to pay costs of issuance associated with the sale of the 2020B Bonds. These bonds mature June 1 over a period from 2021 to 2031 and as a Term Bond maturing on June 1, 2031. Interest, at a rate of 1.00 to 1.95 percent, is $1,310,133 in the aggregate.

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

Year Ending September 30	Business Activities					
	Water/Wastewater		Water/Wastewater TWDB		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 15,590	$ 6,991	$ 6,275	$ 387	$ 3,075	$ 1,268
2022	14,775	6,409	6,275	378	3,070	1,167
2023	14,750	5,889	6,270	366	3,035	1,087
2024	13,970	5,364	6,270	353	2,980	1,007
2025	13,145	4,827	6,270	337	2,930	928
2026-2030	58,665	16,369	31,310	1,375	14,160	3,322
2031-2035	44,775	6,700	27,640	798	8,945	1,451
2036-2040	16,100	982	18,815	196	5,515	374
	$ 191,770	$ 53,531	$ 109,125	$ 4,189	$ 43,710	$ 10,603

Net revenues of the City's water operations have been pledged for repayment of the City's revenue bonds. The amount of the pledge is equal to the remaining outstanding debt service requirements for these bonds, which were all originally issued to provide funding for construction of the water and wastewater systems. The pledge continues for the life of the bonds. For the year ended September 30, 2020, net pledged revenues for the water enterprise fund were $81,791,000 and debt service on the revenue bonds was $27,823,000. The same pledge for repayment applies to the City's Storm Water Utility revenue of $14,223,000 for the bonds issued in fiscal year 2020.

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

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

9. PRIOR YEAR BOND REFUNDINGS

In FY20 and in prior years, the City legally defeased certain general obligation, revenue, and other bonds by placing cash and/or proceeds of refunding bond issues in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's report. As of September 30, 2020, previously defeased debt still outstanding amounted to $12,800,000.

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

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

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

10. INTERFUND TRANSACTIONS

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

Fund	Interfund Receivables	Interfund Payables
General Fund	$4,266	$ -
Nonmajor Funds	-	4,266
	$4,266	$4,266

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

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

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

The General Fund transferred $6,141,000 to Street Maintenance Fund and Special Transportation (Handitran) to cover budgeted operating expenses.

The Enterprise Funds transferred $14,029,000 to cover their budgeted operating costs.

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

11. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

State and federal laws and regulations require the City to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the closure and post-closure care costs as a liability on the Statement of Net Position in each period based on landfill capacity used as of each balance sheet date. This liability is offset by an asset recorded for a trust account established for the purpose of paying the closure and post-closure costs as more fully described below. In 2014, the City received a permit for vertical expansion and to open an additional 80 acres, which increased the capacity and the life of the landfill. The $22,313,000 reported as a landfill closure and post-closure accrued liability at September 30, 2020, represents the cumulative amount reported to date based on the use of approximately 43 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $5,555,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2020. The City expects to close the landfill in 2060. Actual costs may change due to inflation, changes in technology, or changes in regulations.

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

12. COMMITMENTS AND CONTINGENCIES

Trinity River Authority

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

Grant Audits

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

Construction Commitments

The City has various active construction projects as of September 30, 2020. The projects include construction in streets, parks, traffic, library, and water and sewer facilities. At year-end the City's significant commitments with contractors are as follows (amounts in thousands):

Project	Spent-to-Date	Remaining Commitment
Street Construction	$ 33,144	$ 25,341
Park Construction	83,801	8,711
Traffic Construction	7,525	13
Library Construction	5,749	6,246
Storm Water Utility Construction	37,926	16,816
Water and Sewer Construction	48,609	35,221
	$ 216,754	$ 92,348

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

Litigation

The City is currently involved in several lawsuits in which some liability is probable. The potential liability as of September 30, 2020, cannot be determined. Pursuant to the Texas Tort Claims Act, damages would be capped at $250,000.

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

13. RISK MANAGEMENT

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

Risk Management Fund (RMF)

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

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

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

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

Workers' Compensation

The City's workers' compensation plan provides City employees with workers' compensation insurance through the Workers' Compensation Fund (the "WCF"). Under this program, the WCF provides coverage for up to a maximum of $750,000 per claim. The City purchases commercial insurance for claims in excess of coverage provided by the

WCF. Over the past five years there have been seven claims for which payments have been received totaling $742,448 through the commercial insurance. All City departments participate in the workers' compensation program. Payments to the WCF from such departments are based on actuarial estimates of the amounts needed to pay prior and current year claims and related administrative expenses. The WCF claims liabilities are actuarially determined annually to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The actuarially determined liabilities are reported at their present values using an expected future investment yield assumption of 1.0 percent.

Group Health

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

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

14. LEASES

As Lessor

Effective October 1, 1983, the City entered into a contract to lease a tract of land for the purpose of constructing and developing a hotel. The term of the lease is for an initial period of fifty years with renewal options for two additional terms of fifteen years each. The rental payments are based upon a percentage (ranging from 1.0 percent - 1.75 percent) of gross revenues (as defined in the agreement) through December 31, 2006. After December 31, 2006, the lessee shall pay the total annual rent of $250,000. For each year thereafter, the lessee shall pay an annual rent amount equal to the previous year’s rent plus an increase not to exceed the effective percentage change in the Consumer Price Index (Specifically CPI-U for Dallas-Fort Worth region) for the previous 12-month period. Total rental payments received in 2020 were approximately $311,015.

15. SETTLEMENT AGREEMENT

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

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

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

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

16. TEXAS RANGERS CAPITAL LEASE

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

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

Minimum future rentals are as follows:

September 30	
2021	$2,000,000
2022	2,000,000
2023	2,000,000
2024	2,000,000
2025	2,000,000
Thereafter	58,000,001
	68,000,001
Less Discount	26,199,596
Minimum future lease rentals	$41,800,405

17. CONDENSED COMPONENT UNIT INFORMATION

The City includes seven discretely presented component units in its reporting entity (see note I.B.). Condensed component unit information for the year ended September 30, 2020, for all discretely presented component units is as follows (amounts in thousands):

Condensed Schedule of Net Position

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

Condensed Schedule of Activities

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

18. TAX ABATEMENTS

As of September 30, 2020, the City of Arlington (City) provides for tax abatements and tax rebates through two mechanisms – Tax Abatement Agreements and Chapter 380 Agreements. The City's Tax Abatements are authorized under Chapter 312 of the Texas Tax Code and the City's Policy Statement for Tax Abatement. Under a tax abatement agreement, the taxable value is reduced by a specific percentage, and the amount of the abatement is deducted from the recipient's tax bill. The City's tax abatements are administered by Tarrant Appraisal District. Chapter 380 agreements are authorized under VTCA Local Government Code Chapter 380 and the City's Chapter 380 Economic Development Programs Policies and Procedures. Under a 380 agreement, the recipient pays the total taxes due to the City, and the City rebates a portion of taxes paid based on the terms of the agreement.

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

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

Development and Redevelopment

The City provides development and redevelopment tax abatements to encourage development of remaining Greenfield sites with highest and best uses, and transformational redevelopment of existing sites with high community impact. Abatements are obtained through an application and evaluation process, with ultimate approval authorized by the City Council. Property owners are required to complete the City's Application for Incentives providing a complete description of the project, method of financing, descriptive list of improvements, schedule for completion, estimated taxable value of improvements, level of abatement requested, jobs created (if applicable), and any other incentives requested. Applications are evaluated to determine if the project meets the criteria for a development/redevelopment tax abatement. The City abates up to 100% percent of the additional property tax resulting from the increased appraised value as a result of the improvements. Property owners are required to pay 100% of the property tax on the base year value. The City may also rebate a portion of the sales, hotel occupancy, and mixed beverage taxes generated by a project. A portion of the City's local tax collections generated by the recipient's purchase or sale of taxable items associated with the project and consummated in the City may be rebated for a specified period. In exchange for the abatement/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. A portion of the City's local tax collections generated by the recipient's purchase or sale of taxable items associated with the project and consummated in the City may be rebated for a specified period. In exchange for the abatement/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. 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	904,639	135,540	599,753	205,246	-
Recruitment	514,565	4,273,056	-	-	-
Retention	4,052,620	-	-	-	94,502
Total Tax Abated	5,471,824	4,408,596	599,753	205,246	94,502

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

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

19. POLLUTION REMEDIATION

The City is responsible for following all applicable environmental rules when managing sites with environmental clean-up or management requirements. The Texas Commission on Environmental Quality (TCEQ) requires that the City conduct groundwater monitoring of the leaking petroleum storage tanks. The liability is calculated using the current value of outlays to remediate the properties – the amount that would be paid if all equipment, facilities, and services included in the estimate were acquired during the current period. The liability is an estimate and is subject to revision as a result of price increases or reductions, changes in technology, or changes in applicable laws or regulations. As of September 30, 2020, the City has no environmental remediation liability as remediation has been completed.

20. SUBSEQUENT EVENTS

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

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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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUES						
Taxes	$ 190,014	$ 190,014	$ 181,320	$ -	$ 181,320	$ (8,694)
Licenses and permits	7,337	7,337	9,796	-	9,796	2,459
Utility franchise fees	35,806	35,806	22,048	9,506	31,554	(4,252)
Fines and forfeitures	11,150	11,150	9,205	-	9,205	(1,945)
Leases, rents and concessions	5,421	5,421	9,752	-	9,752	4,331
Service charges	17,139	17,139	7,940	7,387	15,327	(1,812)
Interest revenue	1,648	1,648	2,356	(893)	1,463	(185)
Other revenue	997	997	1,965	(1,070)	895	(102)
Net increase (decrease) in the fair value of investments	-	-	140	(140)	-	-
Total Revenues	269,512	269,512	244,522	14,790	259,312	(10,200)
EXPENDITURES						
Current-						
General government	45,881	45,881	40,454	1,330	41,784	4,097
Public safety	170,521	170,521	167,040	(3,380)	163,660	6,861
Public works	28,135	28,135	23,816	2,737	26,553	1,582
Public health	2,456	2,456	2,412	(80)	2,332	124
Parks and recreation	18,436	18,436	16,644	(818)	15,826	2,610
Total Expenditures	265,429	265,429	250,366	(211)	250,155	15,274
Excess (Deficiency) Of Revenues Over (Under) Expenditures	4,083	4,083	(5,844)	15,001	9,157	5,074
OTHER FINANCING SOURCES (USES)						
Transfers in	8,371	8,371	22,042	(14,760)	7,282	(1,089)
Transfers out	(7,643)	(7,643)	(11,486)	3,149	(8,337)	(694)
Total Other Financing Sources (Uses)	728	728	10,556	(11,611)	(1,055)	(1,783)
Net Change In Fund Balances	4,811	4,811	4,712	3,390	8,102	3,291
Fund Balances, October 1	65,898	65,898	65,898	65,898	65,898	-
Fund Balances, September 30	$ 70,709	$ 70,709	$ 70,610	$ 69,288	$ 74,000	$ 3,291

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	2019
	$ 27,615,497	$ 28,887,256	$ 30,217,987
	75,735,090	79,408,986	83,399,154
	6,101,332	6,665,740	7,744,979
	-	-	4,696,314
	(56,616,054)	(54,703,360)	(58,324,155)
	52,835,865	60,258,622	67,734,279
	1,136,501,615	1,189,337,480	1,249,596,102
	$ 1,189,337,480	$ 1,249,596,102	$ 1,317,330,381
	$ 26,419,418	$ 28,034,989	$ 29,405,032
	11,876,965	12,429,434	13,023,433
	133,891,278	(32,369,787)	159,738,998
	(56,616,054)	(54,703,360)	(58,324,155)
	(694,027)	(625,874)	(903,100)
	(35,172)	(32,699)	(27,128)
	114,842,408	(47,267,297)	142,913,080
	966,252,437	1,081,094,845	1,033,827,548
	$ 1,081,094,845	$ 1,033,827,548	$ 1,176,740,628
	108,242,635	215,768,553	140,589,732
	90.90%	82.73%	89.33%
	169,628,359	177,549,206	185,842,479
	63.81%	121.53%	75.65%

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

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

Notes to Schedule of Contributions

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.5% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018
Mortality	Post-retirement 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully general basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

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

2019	2020
$ 29,093,440	$ 29,866,086
$ 29,102,133	$ 30,010,778
$ (8,693)	$ (144,692)
$ 184,074,211	$ 186,055,660
15.81%	16.13%

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

Fiscal year ending September 30	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)
Other	-	-	-	-
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 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	2020
	$ 185,246	$ 194,554	$ 174,664
	131,661	134,220	141,268
	(114,652)	(47,470)	-
	-	-	-
	(173,000)	(138,464)	(122,330)
	29,255	142,840	193,602
	2,627,093	2,656,348	2,799,188
	$ 2,656,348	$ 2,799,188	$ 2,992,790
	$ 46,504	$ 82,293	$ 76,850
	100,133	109,711	98,126
	71,859	206,103	248,242
	(173,000)	(138,464)	(122,330)
	(64,053)	(79,339)	(57,037)
	-	-	24,800
	(18,557)	180,304	268,651
	2,838,158	2,819,601	2,999,905
	$ 2,819,601	$ 2,999,905	$ 3,268,556
	(163,253)	(200,717)	(275,766)
	106.15%	107.20%	109.20%
	3,335,054	3,555,541	3,270,867
	4.90%	5.50%	8.40%

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

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

Notes to Schedule

Valuation date:

The actuarially determined contribution rate documented in the schedule is calculated as of July 1, 2020. The actuarial methods and assumptions used to determine the contribution rates reported in that schedule include:

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

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

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

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

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

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

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
2020	$ 61,806	$ 77,848	$ (16,042)	N/A	N/A

Notes to Schedule of Contributions

Valuation Date: December 31, 2019

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	3 years remaining, as of the beginning of FYE 20
Asset Valuation	Market Value
Investment Rate of Return	5.00%
Inflation	2.50%
Salary Increases	N/A; no active employees
Mortality	The mortality table for disabled retirees was the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment table for males and females with a 3-year set-forward; multiplied by 109% for males and 103% for females. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. In addition, there is a 3% minimum mortality probability to reflect impaired mortality for this group.
Cost of Living Adjustment	The TMRS offset is assumed to increase by 1.25% per annum. The Social Security offset is assumed to increase 2.50% per annum. The offsets are assumed to increase in January.
Commencement of Plan Benefits	Age 65 for participants on the LTD plan
Notes	GASB 75 requires 10 fiscal years of data. The City will build this schedule over the remaining 10-year period.

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

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

Fiscal year ending December 31,	**2017**	**2018**	**2019**
Total OPEB liability			
Service Cost	$ 1,955,045	$ 2,288,267	$ 2,267,816
Interest on total pension liability	4,055,831	3,688,623	4,077,730
Difference between expected and actual experienc	-	1,772,265	(3,486,806)
Changes of assumptions	5,533,607	(2,475,508)	6,920,378
Benefit payments and refunds	(5,722,995)	(7,726,176)	(5,854,499)
Net change in total OPEB liability	5,821,488	(2,452,529)	3,924,619
Total OPEB liability-beginning	108,336,234	114,157,722	111,705,193
Total OPEB liability-ending	$ 114,157,722	$ 111,705,193	$ 115,629,812
Covered employee payroll	151,329,108	171,282,611	167,712,006
Total OPEB liability as a percentage of payroll	75.36%	69.14%	68.95%

Changes of assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019, decreases to the participation rate assumptions, and updates to the demographic assumptions based on the 2019 TMRS Experience Study.

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

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

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

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

Methods and Assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount rate	2.75%
Retirees' share of benefit-related Costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

ARLINGTON℠

THE AMERICAN DREAM CITY

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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
ASSETS					
Cash and cash-equivalent investments	$ -	$ 15,369	$ 5,737	$ 96	$ -
Land held for resale	-	-	-	-	-
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	3,105	-	-	-
Other	-	-	-	-	-
Inventory, at cost	-	-	-	-	-
Due from other governments	1,521	-	-	80	762
Prepaid expenditures	-	-	-	-	-
Total Assets	$ 1,521	$ 18,474	$ 5,737	$ 176	$ 762
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 132	$ 1,456	$ -	$ 23	$ 198
Retainage payable	-	240	-	-	7
Unearned Revenue	-	-	-	-	54
Due to other funds	1,379	-	-	-	503
Total Liabilities	1,511	1,696	-	23	762
Deferred Inflows of Resources:					
Gas lease	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable:					
Inventory	-	-	-	-	-
Prepaids	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Special revenue	10	16,778	5,737	-	-
Committed to:					
Capital projects	-	-	-	-	-
Special revenue	-	-	-	153	-
Assigned to:					
Park Performance	-	-	-	-	-
Special revenue	-	-	-	-	-
Court Security	-	-	-	-	-
Total Fund Balance	10	16,778	5,737	153	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$ 1,521	$ 18,474	$ 5,737	$ 176	$ 762

Special Revenue							Capital Projects	
Home Investment Partnership	FEMA	Gas Lease	Innovation and Venture Capital	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities	Airport
$ -	$ 16,787	$ 13,071	$ 18,404	$ 1,445	$ 800	$ 13,585	$ 2,829	$ 1,745
-	-	-	-	-	-	-	-	-
-	-	-	-	-	473	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	53	10	1,173	-	-
-	-	-	-	142	-	-	-	-
351	2,027	-	-	-	-	2,136	-	-
-	-	-	-	-	-	-	-	-
$ 351	$ 18,814	$ 13,071	$ 18,404	$ 1,640	$ 1,283	$ 16,894	$ 2,829	$ 1,745
$ 73	$ 1,833	$ -	$ -	$ 749	$ 201	$ 5,698	$ 69	$ 2
-	-	-	-	-	-	-	-	-
11	16,831	-	-	5	246	-	-	-
267	-	-	-	-	825	1,292	-	-
351	18,664	-	-	754	1,272	6,990	69	2
-	-	23	-	-	-	-	-	-
-	-	23	-	-	-	-	-	-
-	-	-	-	142	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,760	1,743
-	150	-	-	-	-	7,864	-	-
-	-	-	-	-	-	-	-	-
-	-	13,048	18,404	-	11	937	-	-
-	-	-	-	744	-	-	-	-
-	-	-	-	-	-	1,103	-	-
-	-	-	-	-	-	-	-	-
-	150	13,048	18,404	886	11	9,904	2,760	1,743
$ 351	$ 18,814	$ 13,071	$ 18,404	$ 1,640	$ 1,283	$ 16,894	$ 2,829	$ 1,745

(continued)

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

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

ARLINGTON℠

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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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

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

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUES						
Taxes	$ 50,220	$ 50,220	$ 85,949	$ (36,984)	$ 48,965	$ (1,255)
Interest revenue	563	563	874	(352)	522	(41)
Net increase (decrease) in fair value of investments	-	-	8	-	8	8
Leases, rents and concessions	-	-	-	-	-	-
Other revenue	-	-	64	-	64	64
Total Revenues	50,783	50,783	86,895	(37,336)	49,559	(1,224)
EXPENDITURES						
Debt Service-						
Principal retirement	33,890	33,890	35,920	(2,030)	33,890	-
Redemption premium	-	-	-	-	-	-
Interest and fiscal charges	17,013	17,013	44,910	(27,365)	17,545	(532)
Total Expenditures	50,903	50,903	80,830	(29,395)	51,435	(532)
Deficiency of Revenues Under Expenditures	(120)	(120)	6,065	(7,941)	(1,876)	(1,756)
OTHER FINANCING SOURCES						
Bond premium	350	350	959	-	959	609
Proceeds from bonds	-	-	183,385	-	183,385	183,385
Issuance of refunding bonds	-	-	-	-	-	-
Refunding bond principal	-	-	(9,826)	-	(9,826)	(9,826)
Amount used to fund escrow account	-	-	(173,273)	-	(173,273)	(173,273)
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	350	350	1,245	-	1,245	895
Net Change In Fund Balances	230	230	7,310	(7,941)	(631)	(861)
Fund Balances - Beginning	55,976	55,976	55,976	-	55,976	-
Fund Balances - Ending	$ 56,206	$ 56,206	$ 63,286	$ (7,941)	$ 55,345	$ (861)

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

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

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
CONVENTION AND EVENT SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Taxes	$ 10,291	$ 10,291	$ 6,135	$ -	$ 6,135	$ (4,156)
Service charges	3,128	3,128	942	-	942	(2,186)
Stadium Rent/Naming Rights	2,500	2,500	2,500	-	2,500	-
Interest revenue	-	-	-		-	-
Net increase (decrease) in the fair value of investments	-	-	-	-	-	-
Other	-	-	10	-	10	10
Total Revenues	15,919	15,919	9,587	-	9,587	(6,332)
EXPENDITURES						
Current-						
Convention & event services	10,335	10,335	12,716	(4,152)	8,564	1,771
Total Expenditures	10,335	10,335	12,716	(4,152)	8,564	1,771
Excess Of Revenues Over Expenditures	5,584	5,584	(3,129)	4,152	1,023	(4,561)
OTHER FINANCING SOURCES (USES)						
Transfers in	3,058	3,058	5,633	-	5,633	2,575
Transfers out	(9,103)	(9,103)	(3,650)	(4,152)	(7,802)	1,301
Total Other Financing Sources (Uses)	(6,045)	(6,045)	1,983	(4,152)	(2,169)	3,876
Net Change In Fund Balances	(461)	(461)	(1,146)	-	(1,146)	(685)
Fund Balances - Beginning	1,157	1,157	1,157	-	1,157	-
Fund Balances - Ending	$ 696	$ 696	$ 11	$ -	$ 11	$ (685)

CITY OF ARLINGTON, TEXAS
BUDGET COMPARISON SCHEDULE
WATER AND SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

CITY OF ARLINGTON, TEXAS
BUDGET COMPARISON SCHEDULE
STORM WATER UTILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Storm water fee- commercial	$ 8,728	$ 8,728	$ 9,257	$ (8)	$ 9,249	$ 521
Storm water fee- residential	9,974	9,974	10,330	(40)	10,290	316
Miscellaneous	-	-	63	-	-	-
Total Operating Revenues	18,702	18,702	19,650	(48)	19,539	837
EXPENDITURES						
Salaries and wages	$ 2,442	$ 2,442	$ 2,397	$ -	$ 2,397	$ 45
Employees' retirement	378	378	355	-	355	23
Supplies	67	67	53	-	53	14
Maintenance and repairs	446	446	275	214	489	(43)
Utilities	19	19	17	-	17	2
Depreciation	-	-	2,658	(2,658)	-	-
Miscellaneous services	1,879	1,879	1,193	65	1,258	621
Total Operating Expenses	5,231	5,231	6,948	(2,379)	4,569	662
Operating Income	13,471	13,471	12,702	2,331	14,970	1,499
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	295	295	(1,137)	-	(1,137)	(1,432)
Net increase (decrease) in the fair value of investments	-	-	68	(68)	-	-
Interest expense and fiscal charges	(3,727)	(3,727)	(1,494)	2,345	851	(4,578)
Total Nonoperating Revenues (Expenses)	(3,432)	(3,432)	(2,563)	2,277	(286)	(6,010)
Income (loss) before operating transfers and contributions	10,039	10,039	10,139	4,608	14,684	4,645
Transfers out	(9,963)	(9,963)	(1,504)	9,125	7,621	17,584
Change in net position	76	76	8,635	13,733	22,305	22,229
Total net position-beginning	125,030	125,030	125,030	-	125,030	-
Total net position-ending	$ 125,106	$ 125,106	$ 133,665	$ 13,733	$ 147,335	$ 22,229

INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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

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

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

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

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FIDUCIARY FUNDS

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS:

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

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

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

AGENCY FUNDS:

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

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

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

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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

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

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

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

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

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
PAYROLL FUND				
Assets				
Cash and cash-equivalent investments	$ 4,699	$ 370,863	$ 370,818	$ 4,744
Investments	-	-	-	-
Total assets	$ 4,699	$ 370,863	$ 370,818	$ 4,744
Liabilities				
Accounts payable and accrued liabilities	$ 4,699	$ 370,863	$ 370,818	$ 4,744
Accounts payable and accrued liabilities - IRC 401 defined contribution	-	-	-	-
Total liabilities	$ 4,699	$ 370,863	$ 370,818	$ 4,744
ESCROW FUND				
Assets				
Cash and cash-equivalent investments	$ 2,657	$ 6,071	$ 5,982	$ 2,746
Total assets	$ 2,657	$ 6,071	$ 5,982	$ 2,746
Liabilities				
Accounts payable and accrued liabilities	$ 2,657	$ 6,071	$ 5,982	$ 2,746
Total liabilities	$ 2,657	$ 6,071	$ 5,982	$ 2,746
ESCHEAT FUND				
Assets				
Cash and cash-equivalent investments	$ 136	$ 44	$ 36	$ 144
Total assets	$ 136	$ 44	$ 36	$ 144
Liabilities				
Accounts payable and accrued liabilities	$ 136	$ 44	$ 36	$ 144
Total liabilities	$ 136	$ 44	$ 36	$ 144
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and cash-equivalent investments	$ 7,492	$ 376,978	$ 376,836	$ 7,634
Total assets	$ 7,492	$ 376,978	$ 376,836	$ 7,634
Liabilities				
Accounts payable and accrued liabilities	$ 7,492	$ 376,978	$ 376,836	$ 7,634
Total Liabilities	$ 7,492	$ 376,978	$ 376,836	$ 7,634

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THE AMERICAN DREAM CITY

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, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

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

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

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

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**
$ 349	$ -	$ -	$ -	$ -	$ -	$ 349
-	499	-	-	-	-	499
-	-	(4,804)	-	-	-	(4,804)
-	-	-	377	-	-	377
-	-	-	-	(180)	-	(180)
-	-	-	-	-	1	1
$ 349	$ 499	$ (4,804)	$ 377	$ (180)	$ 1	$ (3,758)
$ 43	$ 10	$ 5,968	$ 11	$ 5	$ -	$ 6,037
279	53	-	(2,099)	-	-	(1,767)
-	-	3,612	3	-	-	3,615
322	63	9,580	(2,085)	5	-	7,885
671	562	4,776	(1,708)	(175)	1	4,127
4,237	888	77,130	2,633	946	22	85,856
$ 4,908	$ 1,450	$ 81,906	$ 925	$ 771	$ 23	$ 89,983

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

GOVERNMENTAL FUNDS CAPITAL ASSETS:	
Land	$ 247,401
Buildings	2,377,823
Improvements other than buildings	217,716
Machinery and equipment	132,545
Construction-in-progress	142,219
Infrastructure	1,047,791
Total Governmental Funds Capital Assets	$ 4,165,495

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:	
General Fund	$ 2,130,322
Capital Projects Fund	2,035,173
Total Governmental Funds Capital Assets	$ 4,165,495

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

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

CITY OF ARLINGTON, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
Administration:					
Technology services	$ 14,279	$ -	$ -	$ -	$ 14,279
Tax	6	-	-	0	6
City administration	2,551,175	129,519	2,293,814	72,644	55,198
Convention center	537	-	-	-	537
Total Administration	2,565,997	129,519	2,293,814	72,644	70,020
Operations:					
Fire	41,888	(208)	17,013	-	25,083
Municipal court	1,409	-	-	-	1,409
Police	42,018	654	21,490	79	19,795
Parks and recreation	235,319	82,179	23,187	125,638	4,315
Communication services	88	-	-	-	88
Airport	47,270	6,132	22,030	18,993	115
Total Operations	367,992	88,757	83,720	144,710	50,805
Development:					
Community development	1,484	-	289	6	1,189
Engineering services	137	-	-	-	137
Transportation	39,875	29,125	-	356	10,394
Total Development	41,496	29,125	289	362	11,720
Total Capital Assets Allocated to Functions	2,975,485	247,401	2,377,823	217,716	132,545
Infracstructure	1,047,791				
Construction in Progress	142,219				
Total Governmental Funds Capital Assets	$ 4,165,495				

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

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

CITY OF ARLINGTON, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Governmental Funds Assets October 1, 2019	Additions	Deletions	Governmental Funds Assets September 30, 2020
Administration:				
Technology services	$ 14,279	$ -	$ -	$ 14,279
Tax	6	-	-	6
City administration	1,254,655	1,296,520	-	2,551,175
Convention center	537	-	-	537
Total Administration	1,269,477	1,296,520	-	2,565,997
OPERATIONS:				
Fire	39,775	2,113	-	41,888
Municipal court	1,409	-	-	1,409
Police	41,974	79	(35)	42,018
Parks and recreation	232,926	2,393	-	235,319
Communication services	88	-	-	88
Airport	47,255	15	-	47,270
Total Operations	363,427	4,600	(35)	367,992
DEVELOPMENT:				
Community development	1,484	-	-	1,484
Engineering services	137	-	-	137
Transportation	38,418	1,617	(160)	39,875
Total Development	40,039	1,617	(160)	41,496
Infrastructure	1,012,741	35,050	-	1,047,791
Construction in Progress	1,022,432	456,042	(1,336,255)	142,219
Total Governmental Funds Capital Assets	$ 3,708,116	$ 1,793,829	$ (1,336,450)	$ 4,165,495

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

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

ARLINGTON℠

THE AMERICAN DREAM CITY

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)

	2011	2012	2013
Governmental activities			
Net investment in capital assets	$ 1,165,492	$ 1,164,831	$ 1,183,621
Restricted (Debt Srvcs/Impact Fee/Endowments/Spec Rev)	42,998	46,032	45,169
Unrestricted	81,671	81,604	65,489
Total governmental activities net position	$ 1,290,161	$ 1,292,467	$ 1,294,279
Business-type activities			
Net investment in capital assets	$ 543,702	$ 573,042	$ 597,114
Restricted	19,706	18,655	14,299
Unrestricted	52,554	45,459	44,633
Total business-type activities net position	$ 615,962	$ 637,156	$ 656,046
Primary government			
Net investment in capital assets	$ 1,709,194	$ 1,737,873	$ 1,780,735
Restricted (Debt Srvcs/Impact Fee/Endowments/Spec Rev)	62,704	64,687	59,468
Unrestricted	134,225	127,063	110,122
Total primary government net position	$ 1,906,123	$ 1,929,623	$ 1,950,325

Source: City of Arlington Finance Department

Note: Fiscal Year 2014 amounts have been restated for the impact of GASB Statement No. 68.
Note: Fiscal Year 2017 amounts have been restated for the impact of GASB Statement No. 75.

Table 1

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
$ 1,106,840	$ 1,106,327	$ 1,055,902	$ 1,130,555	$ 881,082	$ 1,462,715	$ 1,751,589
41,902	42,149	36,068	29,169	50,408	65,742	104,569
57,744	76,379	181,216	110,143	241,799	50,411	78,913
$ 1,206,486	$ 1,224,855	$ 1,273,186	$ 1,269,867	$ 1,173,289	$ 1,578,868	$ 1,935,071
$ 618,187	$ 622,780	$ 639,243	$ 653,455	$ 694,201	$ 653,396	$ 689,342
16,169	14,947	18,150	20,334	39,028	118,649	107,246
29,687	45,365	51,776	61,652	24,483	29,756	39,108
$ 664,043	$ 683,092	$ 709,169	$ 735,441	$ 757,712	$ 801,801	$ 835,696
$ 1,725,027	$ 1,729,107	$ 1,695,145	$ 1,784,010	$ 1,575,283	$ 2,116,111	$ 2,440,931
58,071	57,096	54,218	49,503	89,436	184,391	211,815
87,431	121,744	233,324	171,795	266,282	80,167	118,021
$ 1,870,529	$ 1,907,947	$ 1,982,687	$ 2,005,308	$ 1,931,001	$ 2,380,669	$ 2,770,767

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

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

Source: City of Arlington Finance Department

Note: Fiscal Year 2014 amounts have been restated for the impact of GASB Statement No. 68. Imact of change to Governmental activities is $(67,333) and to Business-type activities is $(6.320).

Table 2

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

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

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

Source: City of Arlington Finance Department

Table 3

Fiscal Year

2014	2015	2016	2017	2018	2019	2020
$ 1,206	$ 1,207	$ 1,265	$ 1,243	$ 1,231	$ 1,587	$ 2,160
23	71	117	-	28	-	5
500	500	-	-	-	-	-
-	-	-	-	-	-	-
4,449	5,598	8,515	8,794	-	-	-
17,537	18,162	19,717	20,055	21,116	22,151	20,426
6,313	6,538	6,918	7,220	15,248	15,107	11,440
1,372	1,443	1,402	1,299	1,537	1,363	1,561
1,718	1,718	1,718	1,718	1,718	1,718	1,718
17,151	17,151	17,151	17,151	17,151	17,151	17,151
756	916	830	987	600	717	617
195	119	305	290	159	173	232
-	-	-	-	-	-	-
4,062	4,062	4,062	4,062	4,062	4,062	4,062
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
909	538	478	30	3,456	1,869	11,238
$ 56,191	$ 58,023	$ 62,478	$ 62,849	$ 66,306	$ 65,898	$ 70,610
$ 249	$ 240	$ 237	$ 219	$ 231	$ 241	$ 142
11,166	5,740	1,685	-	-	-	-
99,932	109,099	97,784	87,655	347,828	112,886	127,058
64,931	60,099	54,577	111,884	65,644	81,545	93,825
25,725	27,516	44,867	57,845	68,113	57,829	27,252
21,471	25,534	73,800	5,669	21,884	26,051	32,553
-	-	-	-	-	-	-
823	589	318	239	169	403	1,847
-	-	-	-	-	-	-
$ 224,297	$ 228,817	$ 273,268	$ 263,511	$ 503,869	$ 278,955	$ 282,677

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

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

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

Table 4

Year						
2014	2015	2016	2017	2018	2019	2020
$ 224,401	$ 235,986	$ 245,678	$ 260,653	$ 278,344	$ 301,400	$ 304,093
7,589	7,448	9,063	9,662	9,278	9,955	9,796
26,970	26,477	25,435	24,859	25,166	24,921	22,048
15,191	13,847	11,996	10,858	10,305	10,853	9,205
9,890	10,203	9,848	10,099	11,044	11,672	12,252
19,705	20,316	22,089	20,252	22,071	25,073	22,359
3,252	3,322	3,936	4,432	9,068	10,871	6,504
(477)	(301)	(592)	(996)	(1,378)	3,283	655
4,910	6,290	5,373	9,442	4,544	410,903	380,662
15,476	12,700	62,857	14,754	20,591	15,849	21,191
8,351	10,287	5,196	8,221	7,568	7,099	3,973
2,783	8,569	5,003	2,585	4,972	3,214	3,658
338,041	355,144	405,882	374,821	401,573	835,093	796,396
43,045	41,924	45,692	46,945	52,520	49,480	46,099
142,556	141,550	145,733	157,252	162,441	172,697	178,797
45,965	45,723	42,215	45,569	49,099	55,557	54,243
2,621	2,762	2,637	2,741	2,869	3,425	2,987
11,558	8,497	9,768	10,277	67,075	10,033	25,001
25,628	26,246	26,347	28,165	29,746	29,757	28,886
7,366	8,037	8,283	13,640	16,036	15,110	17,898
-	-	-	-	-	-	-
30,912	43,274	55,815	77,115	303,477	721,573	451,945
50,810	54,815	60,500	35,190	38,630	35,605	35,920
168	13	701	-	-	-	-
23,689	23,624	24,119	22,571	34,427	42,751	44,910
-	-	-	-	-	-	-
384,318	396,465	421,810	439,465	756,320	1,135,988	886,686
(46,277)	(41,321)	(15,928)	(64,644)	(354,747)	(300,895)	(90,290)
43,450	32,004	64,585	64,550	524,684	60,820	232,216
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	36,845	47,365	128,440	-	-	
			(172,000)	-	(5,862)	(9,826)
2,900	4,468	8,935	26,003	43,616	6,436	9,826
-	(40,435)	(53,710)	(8,752)	-	-	(173,273)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
39,573	43,241	90,512	51,980	70,623	49,605	66,697
(24,517)	(28,450)	(92,853)	(34,963)	(40,361)	(35,426)	(26,916)
61,406	47,673	64,834	55,258	598,562	75,573	98,724
$ 15,129	$ 6,352	$ 48,906	$ (9,386)	$ 243,815	$ (225,322)	$ 8,434
30,077	41,252	55,394	79,498	311,245	725,746	457,561
21.0%	22.1%	23.1%	16.0%	16.4%	19.1%	18.8%

CITY OF ARLINGTON, TEXAS Table 5

TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (In Thousands)

(Unaudited)

		Estimated Actual Value of Taxable Property		Total	Total
Fiscal Year	Tax Year	Real Property	Personal Property	Total Taxable Value (1)	Total Direct Tax Rate
2011	2010	$ 14,809,609	$ 2,369,503	$ 17,179,112	0.6480
2012	2011	14,768,390	2,555,054	17,323,444	0.6480
2013	2012	15,032,414	2,645,228	17,677,642	0.6480
2014	2013	15,451,540	2,636,867	18,088,407	0.6480
2015	2014	16,086,303	2,819,463	18,905,766	0.6480
2016 *	2015	16,580,450	3,020,914	19,601,363	0.6480
2017	2016	18,575,013	2,804,068	21,379,081	0.6448
2018	2017	20,651,783	2,851,409	23,503,192	0.6398
2019	2018	23,037,575	2,884,307	25,921,882	0.6348
2020	2019	26,076,603	3,161,407	29,238,010	0.6240

Sources:

City of Arlington Finance Department

Tarrant Appraisal District

Notes:

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

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

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

CITY OF ARLINGTON, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per $100 of assessed value) 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
2011	0.4423	0.2057	0.6480	1.30	1.32	1.41	1.51	1.54	0.66	0.45
2012	0.4423	0.2057	0.6480	1.30	1.32	1.41	1.51	1.54	0.66	0.45
2013	0.4423	0.2057	0.6480	1.29	1.32	1.39	1.49	1.53	0.66	0.45
2014	0.4423	0.2057	0.6480	1.29	1.32	1.39	1.49	1.53	0.66	0.45
2015	0.4460	0.2020	0.6480	1.41	1.35	1.35	1.49	1.51	0.66	0.45
2016	0.4538	0.1910	0.6448	1.39	1.35	1.32	1.49	1.51	0.65	0.45
2017	0.4409	0.1989	0.6398	1.37	1.35	1.26	1.48	1.54	0.63	0.45
2018	0.4428	0.1920	0.6348	1.37	1.35	1.27	1.45	1.54	0.61	0.45
2019	0.4467	0.1773	0.6240	1.30	1.28	1.22	1.35	1.46	0.62	0.45
2020	0.4085	0.2140	0.6225	1.39	1.38	1.20	1.34	1.45	0.62	0.45

Sources:
City of Arlington Finance Department
Tarrant Appraisal District

Notes:
[1] A single property owner's total tax rate would only include one independent school district's (Arlington, Fort Worth, Hurst-Euless-Bedford, Kennedale, or Mansfield) tax rate.
[2] Includes the tax rates for Tarrant County, Tarrant Regional Water District, Tarrant County Hospital, and Tarrant County College.
[3] The City budgets tax revenue based on the tax valuation from the previous tax year. For example, the rates in 2019 determine revenue for fiscal year 2020.

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

2020		
Taxpayer	Total Taxable Value	Percentage of Total City Taxable Value
General Motors Corp.	$ 410,763,943	1.40 %
Oncor Electric Delivery	212,021,342	0.73
Arlington Highlands	150,931,704	0.52
Parks at Arlington	150,000,000	0.51
Hart Arlington TX LLC	128,546,406	0.44
S2 Forest Ridge LP/S2 Manchester/Valencia LLC	105,900,000	0.36
Six Flags Fund II LTD	102,690,846	0.35
Bedrock Holdings II	97,680,000	0.33
BCI IV Pioneer DC LLC	87,259,875	0.30
Columbia Medical Center	84,549,662	0.29
Total	$ 1,530,343,778	5.23 %

Sources:
City of Arlington Finance Department
Tarrant Appraisal District

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

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: Amount	Collected Within the Fiscal Year of the Levy: % of Levy	Collections Related to Prior Years [1]	Total Collections to Date: Amount	Total Collections to Date: % of Levy
2011	$ 110,068,829	$ 109,098,499	99.12	$ 1,174,443	$ 110,272,942	100.19
2012	111,073,807	110,156,752	99.17	708,723	110,865,475	99.81
2013	112,997,778	112,051,050	99.16	695,323	112,746,373	99.78
2014	115,297,239	114,468,630	99.28	354,141	114,822,771	99.59
2015	120,592,214	119,624,237	99.20	380,137	120,004,374	99.51
2016	124,591,144	123,750,524	99.33	559,351	124,309,875	99.77
2017	134,181,351	133,179,070	99.25	640,737	133,819,807	99.73
2018	146,675,357	145,497,705	99.20	1,029,167	146,526,872	99.90
2019	159,006,103	157,799,647	99.24	378,277	158,177,924	99.48
2020	173,123,630	171,641,052	99.14	(116,753)	171,524,299	99.08

Source:

Tarrant County Tax Office

Notes:

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

[1] Prior year collections exclude penalty and interest.

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[3]	Percentage of Personal Income
2011	$ 251,450,000	$ 65,285,000	$ 12,900,000	$ 263,635,000	$ -	$ 116,675,000	$ 25,600,000	$ 735,545,000	4.28%	365,530	$ 2,012	0.95%
2012	259,755,000	61,055,000	-	248,240,000	-	124,285,000	24,320,000	717,655,000	4.14%	365,860	1,962	0.87%
2013	257,493,000	56,110,000	-	225,718,000	-	123,642,000	23,981,000	686,944,000	3.89%	365,930	1,877	0.81%
2014	252,197,000	80,340,000	-	207,827,000	-	133,307,000	22,601,000	696,272,000	3.85%	369,508	1,884	0.78%
2015	265,434,000	67,525,000	-	185,051,000	9,860,000	141,410,000	21,228,000	680,648,000	3.60%	379,370	1,794	0.70%
2016	307,231,000	62,490,000	-	156,570,000	8,864,000	173,125,000	19,860,000	728,140,000	3.71%	380,740	1,912	0.75%
2017	341,307,000	61,430,000	-	128,229,000	7,844,000	207,079,000	27,493,000	773,382,000	3.62%	382,230	2,023	0.79%
2018	367,669,000	60,595,000	-	625,932,000	6,800,000	241,475,000	31,797,000	1,334,268,000	5.68%	383,950	3,475	1.25%
2019	390,273,000	61,085,000	-	622,408,000	5,731,000	335,072,000	36,970,000	1,451,539,000	5.60%	386,180	3,759	1.30%
2020	581,276,000	64,875,000	-	616,494,000	-	310,399,000	45,480,000	1,618,524,000	5.54%	390,540	4,144	n/a

Sources:
City of Arlington Finance Department

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] Certificates of Obligation include Tax and Revenue certificates.
[2] Stadium Debt include Special Tax Revenue Bonds and Revenue Bonds
[3] See Table 13 for personal income and population data.

RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(Unaudited)

	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[1]	Per Capita[2]	Estimated Population[2]
2011	$ 251,450,000	$ 65,285,000	$ 12,900,000	$ (5,774,175)	$ 323,860,825	1.89%	$ 886	365,530
2012	259,755,000	61,055,000	-	(4,874,817)	315,935,183	1.82%	864	365,860
2013	257,493,000	56,110,000	-	(4,078,685)	309,524,315	1.75%	846	365,930
2014	252,197,000	80,340,000	-	(2,769,146)	329,767,854	1.82%	892	369,508
2015	265,434,000	67,525,000	-	(2,482,205)	330,476,795	1.75%	871	379,370
2016	307,231,000	62,490,000	-	(2,260,181)	367,460,819	1.87%	965	380,740
2017	341,307,000	61,430,000	-	(2,767,737)	399,969,263	1.87%	1,046	382,230
2018	367,669,000	60,595,000	-	(2,988,983)	425,275,017	1.81%	1,108	383,950
2019	390,273,000	61,085,000	-	(3,566,517)	447,791,483	1.73%	1,160	386,180
2020	581,276,000	64,875,000	-	(2,935,009)	643,215,991	2.20%	1,647	390,540

Source:
City of Arlington Finance Department

Notes:
Details regarding the city's outstanding debt can be found in the notes to the financial statements.
[1] See Table 5 for property value data.
[2] See Table 13 for per Capita and population data.

CITY OF ARLINGTON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2020
(Unaudited)

Table 11

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

Sources:
City of Arlington Finance Department
Municipal Advisory Council of Texas

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

CITY OF ARLINGTON, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

(In Thousands)

(Unaudited)

Table 12

	Waterworks and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue (3)	Average Annual Requirement	Times Coverage (4)
2011	$ 123,442	$ 67,924	$ 55,518	$ 7,663	7.24
2012	114,719	70,300	44,419	7,769	5.72
2013	114,234	72,941	41,293	7,684	5.37
2014	116,145	78,672	37,473	8,195	4.57
2015	123,870	79,958	43,912	8,582	5.12
2016	131,086	78,839	52,247	10,559	4.95
2017	138,007	86,631	51,376	12,651	4.06
2018	155,958	85,204	70,754	14,744	4.80
2019	155,189	87,754	67,435	19,514	3.46
2020	165,047	84,722	80,325	18,874	4.26

	Storm Water Utility				
Fiscal Year	Total Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue (3)	Average Annual Requirement	Times Coverage (4)
2011	$ 10,492	$ 4,371	$ 6,121	$ 1,856	3.30
2012	10,536	2,874	7,662	1,825	4.20
2013	10,815	2,845	7,970	1,800	4.43
2014	10,774	2,908	7,866	1,774	4.43
2015	12,160	3,110	9,050	1,747	5.18
2016	13,575	3,430	10,145	1,720	5.90
2017	15,011	3,441	11,570	1,786	6.48
2018	16,384	3,903	12,481	2,026	6.16
2019	18,014	3,597	14,417	2,328	6.19
2020	19,650	4,908	14,742	2,716	5.43

Source:
City of Arlington Finance Department

Notes:

(1) Revenue determined on the full accrual basis and includes nonoperating interest.

(2) Total expenses less depreciation and bond interest.

(3) Gross operating revenues (1) less expenses (2).

(4) Net revenue available for debt service (3) divided by average annual debt service requirement.

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

Table 13

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

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

Notes:
N/R - not reported

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

Table 14

2020

Employer	Type of Business	Employees	Percentage of Total City Employment
Arlington Independent School District	Public Education	8,000	3.74%
University of Texas at Arlington	Higher Education	6,000	2.80%
General Motors Co.	Automobile Assembly	4,484	2.10%
Texas Health Resources	Health Care	4,063	1.90%
Six Flags Over Texas	Amusement Park	3,800	1.78%
The Parks at Arlington	Retail	3,500	1.64%
GM Financial	Financial Services	3,300	1.54%
City of Arlington	Municipality	2,600	1.22%
J.P. Morgan-Chase	Banking Services	1,965	0.92%
Texas Rangers Baseball Club	Sports/Entertainment	1,881	0.88%
Total		**39,593**	**18.52%**

2011

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

Sources:
City of Arlington Finance Department

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

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

	Fiscal Year		
Function/Program	2011	2012	2013
Strategic Support			
Communication and Legislative Affairs	-	-	-
City Attorney's Office	38	38	38
City Manager's Office	3	3	3
Internal Auditor's Office	5	5	5
Human Resources	19	19	19
Judiciary	6	6	6
Municipal Court	41	42	41
Information Technology	54	55	55
Finance*	69	70	71
Document Services	9	9	8
Economic Development & Capital Investment			
Economic Development	3	3	3
Planning and Development Services	64	71	71
Aviation	8	8	8
Convention Center	31	31	31
Strategic Initiatives	-	-	-
Neighborhood Services			
Police	789	829	837
Fire**	424	443	443
Code Compliance Services	69	60	62
Park and Recreation	103	101	102
Park Performance Fund	72	69	69
Library	68	68	68
Capital Investment			
Public Works & Transportation	90	86	85
Street Maintenance Fund	91	93	93
Asset Management	-	-	-
Fleet Services Fund	1	1	1
Water Utilities Fund	222	222	223
Storm Water Utility Fund	27	27	27
Grant Funds	152	115	106
Total	2,458	2,474	2,475

Source:
City of Arlington Finance Department

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

* 2015 Finance split into two separte departments Finance and Management Resources. 2018 Management Resources changed to Communication and Legislative Affairs.
**2012-2018 Fire umbrellas Communication Services fund and EPAB.

Table 15

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

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

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

Source:
City of Arlington Finance Department

Notes:
Police: Employment represents full-time sworn officers
Fire: Employment represents full-time civilian, sworn and dispatch. Number of Service Calls represent all incidents including mutual aid given.
* Central Library was vacated in Feb 2015 and temporarily replaced as the Central Express Library Branch. Central Express location closed at the end of March and the New Central Library opened back June 2018.

Table 16

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

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

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

Source:
City of Arlington Finance Department

Table 17

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

CITY OF ARLINGTON, TEXAS

Table 18

TEXAS MUNICIPAL RETIREMENT SYSTEM

ANALYSIS OF FUNDING PROGRESS AND CONTRIBUTION RATES

Last Ten Fiscal Years

(In Thousands)

(Unaudited)

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAL as a Percentage of ACP (4/5)	(7) Total TMRS Required Contribution Rate	(8) Prior Service Portion of the TMRS Rate
2006	334,823	447,440	74.8%	112,617	113,822	98.9%	14.55%	4.85%
2007	342,766	466,521	73.5%	123,755	128,574	96.3%	14.88%	5.10%
2008	348,785	569,404	61.3%	220,619	130,958	168.5%	15.51%[a]	9.44%
2009	360,029	594,442	60.6%	234,413	143,791	163.0%	16.76%[b]	9.95%
2010	373,897	621,177	60.2%	247,280	147,276	167.9%	17.85%[c]	10.19%
2011	688,015	832,168	82.7%	144,153	142,875	100.9%	17.16%[d]	8.44%
2012	736,849	868,505	84.8%	131,656	149,940	87.8%	16.47%	5.17%
2013	787,497	904,236	87.1%	116,739	145,369	80.3%	16.28%	4.68%
2014	842,194	1,003,238	83.9%	161,044	150,941	106.7%	15.62%	6.88%
2015	893,065	1,037,982	86.0%	144,917	149,837	96.7%	15.08%	6.36%
2016	939,247	1,086,413	86.5%	147,166	154,372	95.3%	15.73%	6.27%
2017	984,568	1,136,502	86.6%	151,934	160,575	94.6%	15.58%	6.51%
2018	1,036,661	1,189,337	87.2%	152,676	169,628	90.0%	15.79%	6.54%
2019	1,084,556	1,249,596	86.8%	165,040	177,549	93.0%	15.81%	6.54%

Source: City of Arlington Finance Department

(a) Phase in rate for 2008 15.51%

(b) Phase in rate for 2009 16.76%

[c] Phase in rate for 2010 17.85%

[d] Phase in rate for 2011 17.16%

APPENDIX C

FORMS OF BOND COUNSEL OPINIONS

BRACEWELL

July 14, 2021

$31,820,000
CITY OF ARLINGTON, TEXAS
PERMANENT IMPROVEMENT BONDS
SERIES 2021A

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 PERMANENT IMPROVEMENT BONDS, SERIES 2021A, dated June 1, 2021, in the principal amount of $31,820,000.
>
> 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 sole 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 excludability 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. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Ordinance.

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, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

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;

(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; and

(C) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

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.

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. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

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.

BRACEWELL

July 14, 2021

$8,325,000
CITY OF ARLINGTON, TEXAS
PERMANENT IMPROVEMENT REFUNDING BONDS
SERIES 2021B

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 PERMANENT IMPROVEMENT REFUNDING BONDS, SERIES 2021B, dated June 1, 2021, in the principal amount of $8,325,000.
>
> 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 sole 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 excludability 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; an escrow agreement (the "Escrow Agreement") between the Issuer and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"); a sufficiency certificate (the "Sufficiency Certificate") from [the Paying Agent/Registrar of the obligations being refunded (the "Refunded Obligations")] verifying the sufficiency of the deposits made pursuant to the Escrow Agreement for the defeasance of the Refunded Obligations; 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. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Ordinance.

In providing the opinions set forth herein, we have relied on representations and certifications of the Issuer and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the Issuer 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, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

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;

(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;

(C) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Obligations pursuant to the Escrow Agreement, and therefore, the Refunded Obligations are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in the Escrow Agreement; and

(D) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax.

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.

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. Further, in the event that the representations of the Issuer and other parties are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants of the Ordinance, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

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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