



# **FY2022**

## **Annual Comprehensive Financial Report**





# CITY OF ARLINGTON, TEXAS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2022

PREPARED BY THE FINANCE DEPARTMENT,  
ACCOUNTING DIVISION



Jim Ross  
Mayor

Trey Yelverton  
City Manager

April Nixon  
Finance Director

Amy Mapes, CPA, CGFO  
Controller



**CITY OF ARLINGTON, TEXAS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022  
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March 21, 2023

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

The Finance Department is pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Arlington, Texas (the City), for the year ended September 30, 2022, in accordance with the City Charter.

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

FORVIS, LLP has issued an unmodified “clean” opinion on the City’s financial statements for the year ended September 30, 2022. 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 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 are elected citywide and five Council are elected by district. In November 2022, voters approved the City Charter which extended the term of office for the Mayor and all members of Council from 2 years to 3 years. Individuals are limited to serving no more than 3 terms (9 years) as mayor and no more than 3 terms (9 years) as a member of Council. Mayor and Council 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

After two years of caution in preparing budgets that were constrained by the economic effects of the pandemic and uncertainty surrounding the City's major revenues, the outlook for FY 2023 is brighter than even most optimistic projections would have suggested a year ago. Although many challenges remain, financial prospects for the coming year will allow the City to pursue new program initiatives and continue fulfilling the promises and commitments we have made to Arlington's citizens.

The top five major employers listed below make up approximately 18% 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	8,500
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, S2 Forest Ridge LP/S2 Manchester/Valencia LLC, and United Parcel Service Inc., making up approximately \$8.99M, 2.84% 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 2022-23 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 2022 budget focused on these priorities and maintains the City's core value of quality and cost-effective service delivery. In 2022 (tax year 2021), the property tax rate is 61.98 cents. The new 2023 rate is .27 cents lower than the previous rate of 62.25 cents (tax year 2020), which was the rate in effect for the previous year.

## **Major Initiatives/Highlights**

### **Entertainment District**

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

The Texas Rangers celebrated their 50<sup>th</sup> anniversary in the Lone Star State. The Texas Rangers held a ribbon cutting ceremony for a new wiffle ballpark located inside Globe Life field and celebrated the groundbreaking of One Rangers Way, a luxury residential community in the heart of the Arlington Entertainment District, in coordination with The Cordish Companies. Globe Life Field will become the new home for the American Rodeo in 2023. The organization will be celebrating its 10<sup>th</sup> anniversary. XFL has selected the City of Arlington and the Choctaw Stadium as its in-week performance center and football operations hub. In June, it was announced that Spark Arlington, a central hub for local entrepreneurs, creators, and innovators will anchor the southeast corner of Choctaw Stadium. The company broke ground in the fall.

#### **Texas Live!**

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

#### **AT&T Stadium**

The stadium annually hosts the Cotton Bowl, as well as numerous other special events. The 2026 World Cup made an official announcement in June that for the first time ever, games will be played at AT&T Stadium. The Big 12 has extended its agreement through the 2025 season to host the Dr Pepper Big 12 Football Championship at the stadium. Other events held were The Garth Brooks Stadium Tour and Wrestlemania 38 which shattered revenue and attendance records.

#### **National Medal of Honor Museum**

The National Medal of Honor Museum broke ground on its future home in Arlington on March 25, a date that corresponded with 2022's National Medal of Honor Day. The one-of-a-kind museum will recognize the 3,511 servicemembers who have received the Medal of Honor. Through recipients' stories of courage and valor, the museum will inspire current and future generations to discover and develop shared values inherent to every recipient – courage and sacrifice, commitment and integrity, citizenship and patriotism.

#### **Loews Hotels and Co.**

In October 2021, Loews Hotels & Co broke ground on a new \$550 million Loews Arlington Hotel and Convention Center. The 888-room hotel is on track to open in 2024. In July, the hotel company topped off the hotel and convention center by announcing the new signature restaurant, Soy Cowboy, a pan-Asian concept, from Houston-based restaurateur, Benjamin Ber of Ber Hospitality.

#### **Other notable 2022 accomplishments include:**

- **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 2022, the Foundation approved over \$8.5 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

- **Wallbox**

Wallbox, a leading provider of electric vehicle (EV) charging and energy management solutions worldwide, officially opened its first North American manufacturing facility in Arlington in October. The 130,000 square foot facility was designed to produce 250,000 units in 2022 and over one million in 2030.

- **TCC Southeast**

Tarrant County College Southeast held a groundbreaking ceremony in April for two new buildings – one for academics and the other to elevate the student experience – and a major renovation of the eastern wing of the present campus plus the transformation of the Library into a Learning Commons.

- **Arlington Museum of Art**

In partnership with long-time Walt Disney Animation Studios artist and Disney Legend Andreas Deja, the 2022 Summer exhibition at the Arlington Museum of Art featured decades of work by three of Disney's most prolific animators.

- **Canales Furniture**

Canales Furniture held its grand opening event and ribbon cutting for a new 200,000 square foot distribution center and headquarters in Arlington in July of 2022.

#### **Awards and Acknowledgements**

At the date of the ACFR, the City's September 30, 2021 Certificate of Achievement is not yet available from GFOA. The City submitted its FY2021 ACFR in June 2022 and anticipates that the FY2021 ACFR will receive this award. A Certificate of Achievement is valid for a period of one year. The City believes the current ACFR continues to meet the certificate requirements and will be submitting the document to the GFOA to determine ongoing eligibility for the certificate.

At the date of the ACFR, the City's September 30, 2021 Certificate of Achievement in Popular Annual Financial Reporting is not yet available from GFOA. The City submitted its FY2021 PAFR in June 2022 and anticipates that the FY2021 PAFR will receive this award. 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 2022 budget. The City has earned this award for the past 36 years and expects to earn this award again for the upcoming FY 2023 budget.

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

- Bloomberg Philanthropies' What Works Cities Certification – Gold Level (1 in 14 cities to have ever achieved at this level and the first city in Texas at any level)
- Transparency Stars for Traditional Finance, Contracts & Procurement, Economic Development, Public Pensions and Debt Obligations from the Texas Comptroller
- Commission for Accreditation of Park and Recreation Agencies (CAPRA)
- National Gold Medal Winner for excellence in the field of Park and Recreation Management
- Commission on Accreditation for Law Enforcement Agencies (CALEA)
- Emergency Management Accreditation Program (EMAP) Accredited
- American Public Works Association (APWA) Accredited Agency
- ProLiteracy Accreditation
- Association of Metropolitan Water Agencies (AMWA) Gold Award winner for exceptional utility performance
- Achievement of Excellence in Procurement

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

Respectfully submitted,



Trey Yelverton  
City Manager

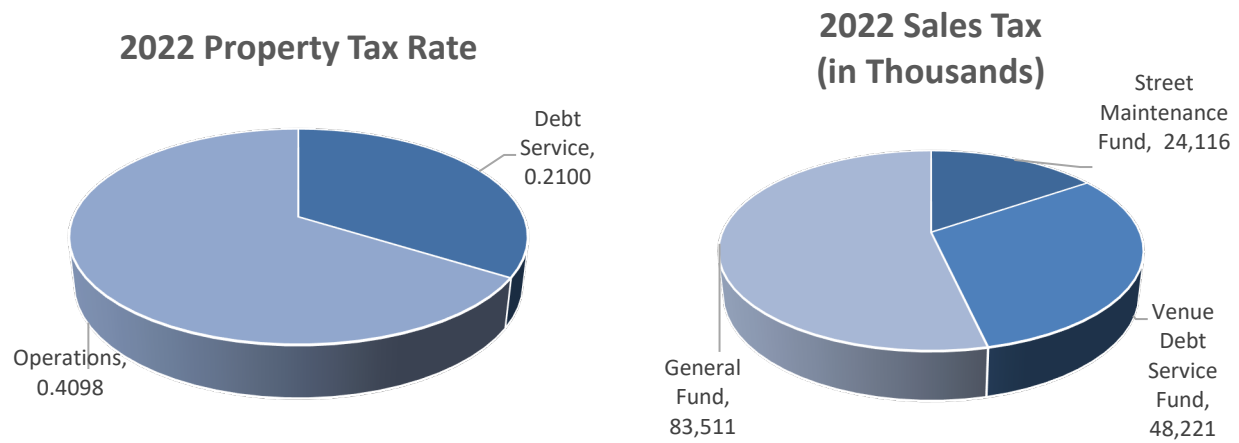


April Nixon  
Finance Director

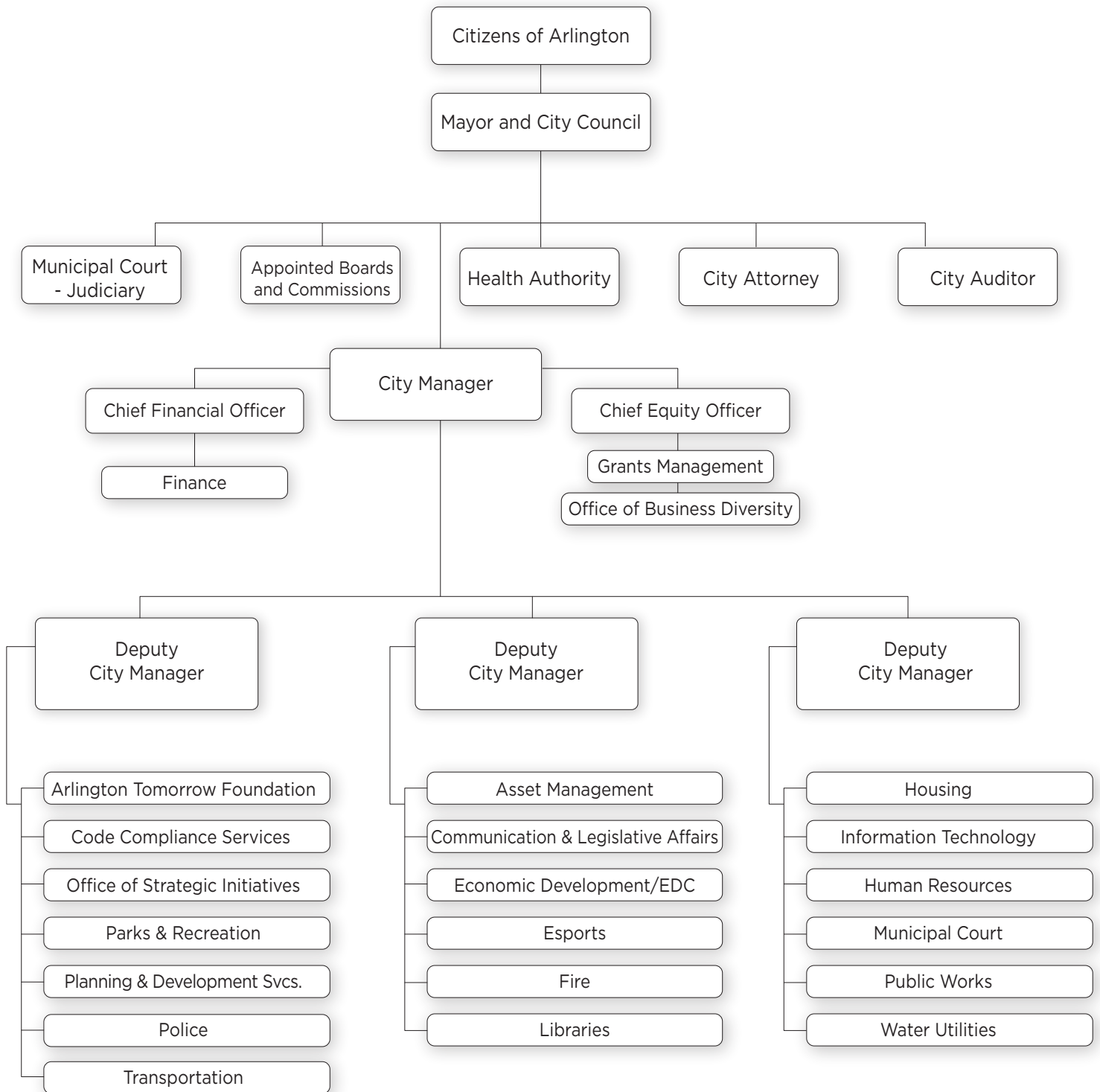
## Local Economic Indicators

	2022	2021	2020
Property Tax Base (in thousands)*	(tax year 2021)	(tax year 2020)	(tax year 2019)
Personal	\$ 3,569,050	\$ 3,332,992	\$ 3,094,311
Real Estate	\$ 32,532,497	\$ 28,629,929	\$ 26,221,029
Mineral Lease Properties	\$ 208,981	\$ 87,601	\$ 169,810
Agricultural Properties	\$ 338	\$ 343	\$ 354
Total	\$ 36,310,866	\$ 32,050,865	\$ 29,485,504
<b>Property Tax Rate</b>			
Operations	0.4098	0.4085	0.4467
Debt Service	0.2100	0.2140	0.1773
Total	0.6198	0.6225	0.6240
<b>Sales Tax (in thousands)</b>			
Collections	\$ 155,848	\$ 135,978	\$ 115,098
Annual Growth	14.61%	18.14%	-3.05%
<b>Population</b>	399,560	393,420	390,540
<b>General Obligation Debt per Capita</b>	\$ 1,679	\$ 1,524	\$ 1,126
<b>Labor Force</b>	218,601	215,215	213,961
<b>Unemployment Rate</b>	3.90%	6.10%	6.80%
<b>Housing starts permits issued</b>	649	762	795
<b>Foreclosure (residential and commercial)</b>	55	29	80
<b>Occupancy Rates</b>			
Office	89.90%	90.20%	89.80%
Industrial	96.40%	96.50%	94.90%
Retail	94.90%	94.10%	92.80%

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



# City of Arlington Organization Chart







Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Arlington  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morrell*

Executive Director/CEO

As of the date of this ACFR, the City's September 30, 2021 Certificate of Achievement is not yet available from GFOA. The City submitted its FY2021 ACFR in June 2022 and anticipates that the FY2021 ACFR will receive this award.

City of Arlington, Texas  
City Council

At September 30, 2022

Jim Ross

**Mayor**

Term expires May 2023

Helen Moise, District 1

**Mayor Pro Tempore**

Term expires May 2024

Dr. Barbara Odom-Wesley, District 8 At Large

**Deputy Mayor Pro Tempore**

Term expires May 2023

Raul H. Gonzalez, District 2

Term expires May 2024

Nikkie Hunter, District 3

Term expires May 2023

Andrew Piel, District 4

Term expires May 2023

Rebecca Boxall, District 5

Term expires May 2023

Long Pham, District 6 At Large

Term expires May 2024

Bowie Hogg, District 7 At Large

Term expires May 2024

## Independent Auditor's Report

Honorable Mayor and Members of the City Council  
City of Arlington, Texas  
Arlington, Texas

### *Opinions*

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying 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, 2022, 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.

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, discretely presented component units of the City, which represent 12 percent, 11 percent, and 79 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Additionally, we did not audit the financial statements of the Part-Time, Seasonal and Temporary Employees Deferred Income Plan, a fiduciary component unit of the City, which represent 1 percent, 1 percent, and 0.2 percent, respectively, of the assets, net position, and revenues/additions of the aggregate remaining fund information. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions on the aggregate discretely presented component units and the aggregate remaining fund information, insofar as they relate to the amounts included for the Arlington Housing Authority, the Arlington Convention and Visitors Bureau, Inc., the Arlington Tourism Public Improvement District and the Part-Time, Seasonal and Temporary Employees Deferred Income Plan are based solely on the reports of the other auditors.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

As discussed in *Note I.R.* to the financial statements, in fiscal year 2022 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information including the combining financial statements, individual fund budgetary comparison schedules, and the schedules of capital assets used in the operation of governmental funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, 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.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**FORVIS, LLP**

**Dallas, Texas  
March 16, 2023**





## **CITY OF ARLINGTON, TEXAS**

### **Management's Discussion and Analysis For the Year Ended September 30, 2022 (Unaudited)**

As management of the City of Arlington (City), we offer readers of the City's Annual Comprehensive Financial Report (ACFR) this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. 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 and deferred inflows at the close of the most recent fiscal year by \$2.9B (net position). Of this amount, \$62.5M 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 \$52.7M during the current period primarily due to increases to special revenues and impact fees.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$454.2M, an **increase** of \$95.7M in comparison with the prior year. Within this total, \$341M is restricted for specific legal requirements and \$104.4M has been committed or assigned to specific types of expenditures, and \$2.1M in non-spendable. The remaining unassigned fund balance in the general fund and can be used for any lawful purpose.
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$80.5M, or approximately 31% of total general fund expenditures.
- As discussed in Note I. R., in 2022 the City adopted Governmental Accounting Standards Board (GASB) Statement Number 87, *Leases*. 2021 information presented herein has not been restated for the adoption of GASB 87.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide financial statements**

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

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

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

Both government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all

or a significant portion of their costs through user fees and charges (business-type activities). In the statements, the City's business is divided into three types of activities:

The government-wide financial statements can be found on pages 19-23 of this report.

### **Fund Financial Statements**

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

### **Governmental Funds**

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

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

The City maintains twenty-two 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, Convention and Event Services Fund, and Disaster Assistance Fund and all of which are major funds. Data from the other governmental funds are combined into a single, aggregate, nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

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

The basic governmental fund financial statements can be found beginning on page 24 of this report.

### **Proprietary Funds**

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer and storm water utilities operations. The City uses internal service funds to account for the management of its fleet services and self-insurance functions.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer and Storm Water Utility funds. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements elsewhere in the Annual Comprehensive Financial Report.

The basic proprietary fund financial statements can be found beginning on page 28 of this report.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. All the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. The City reports two different fiduciary funds. The Pension and Other Employee Benefit trust funds are used to report resources held in trust for Part Time Deferred Income Trust and the Disability Income Plan. The City also reports one custodial fund to report resources, not in a trust, that are held by City for other parties outside of the City as a reporting entity.

The fiduciary fund financial statements can be found beginning on page 32 of this report.

**NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35 of this report.

**OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's general fund budgetary comparison and progress in funding its obligation to provide pension and OPEB benefits to its employees. Required supplementary information can be found on page 89 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 107-135 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 \$2.9B as of September 30, 2022.

Long-term liabilities, which consist of bonds, notes, leases, compensated absences and postemployment benefit obligations, increased by \$40M from the previous year for governmental and business-type activities combined. The City's net OPEB liability decreased \$1.3M. The City's total pension asset for the year increased by \$86.2M.

The largest portion of the City's net position \$2.53B (87.1%) 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

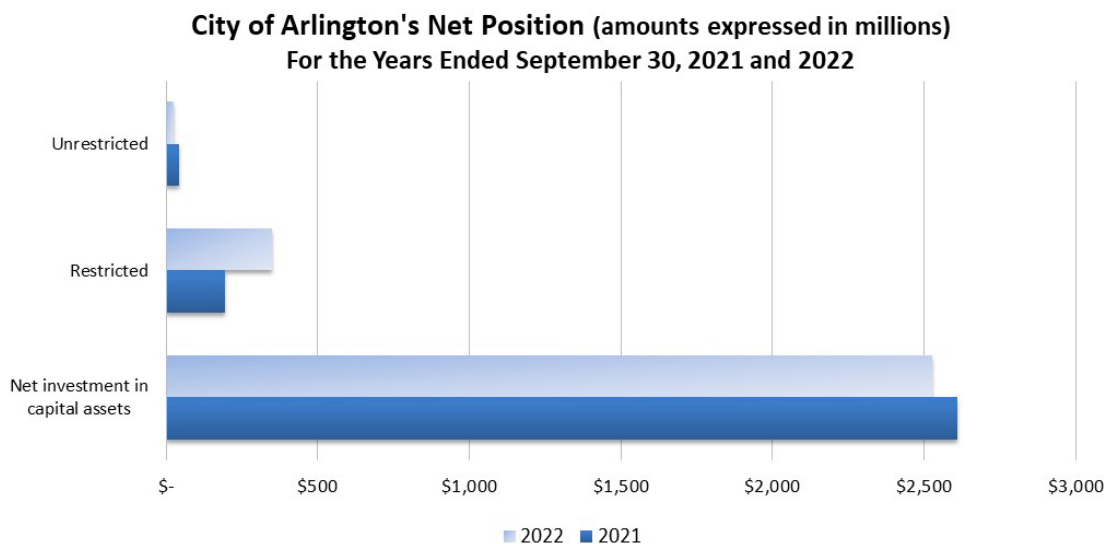
(Amounts Expressed in Millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 540	\$ 787	\$ 377	\$ 390	\$ 917	\$ 1,177
Capital and lease assets	2,874	2,827	932	990	3,806	3,817
Total assets	3,414	3,614	1,309	1,380	4,723	4,994
Total deferred outflows of resources	72	61	5	4	77	65
Long-term liabilities outstanding	1,392	1,433	405	407	1,797	1,840
Other liabilities	42	104	28	26	70	130
Total liabilities	1,434	1,537	433	433	1,867	1,970
Total deferred inflows of resources	82	180	2	9	84	189
Net position:						
Net investment in capital assets	1,872	1,693	739	834	2,611	2,527
Restricted for debt service	38	60	103	82	141	142
Restricted for special revenue	47	80	-	-	47	80
Restricted for use of impact fees	7	14	-	-	7	14
Restricted for net pension asset	-	112	-	8	-	120
Unrestricted	6	-	36	18	42	18
Total net position	\$ 1,970	\$ 1,959	\$ 878	\$ 942	\$ 2,848	\$ 2,901

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 and lease assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position of \$355.4M (12.3%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$18.7M (.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 \$52.7M from the prior fiscal year.



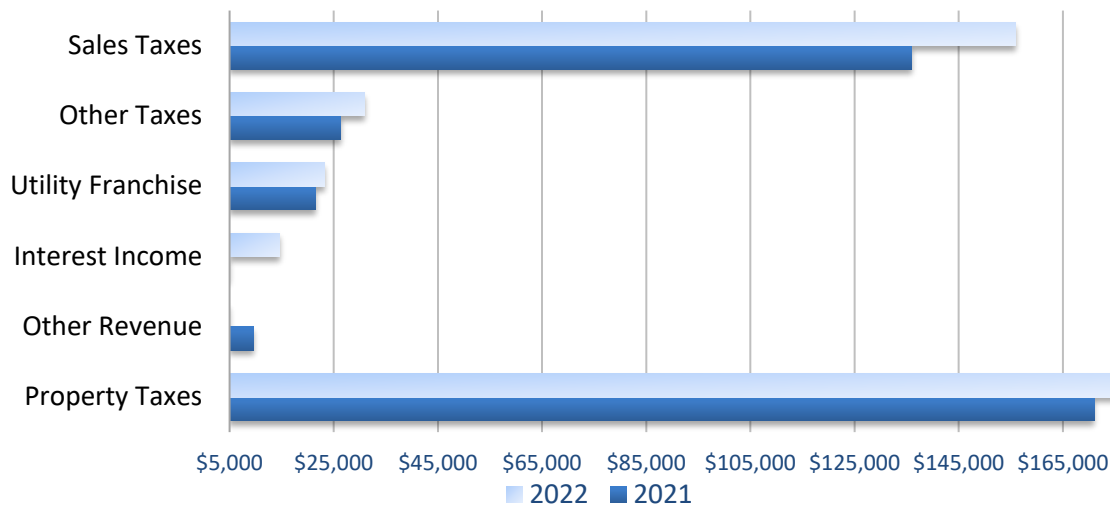


### Governmental Activities

The City's general revenues increased compared to the prior year, increased overall by 1.82%. Sales tax revenue accounted for much of the increase this year compared to last.

Property tax collections were up from the prior year by about \$6.4M and Arlington once again saw growth in assessed valuation. The residential property values increased by 13.0% and commercial property values increased by 11.4% compared to the prior year. The property tax rate for 2022 was set at \$0.6198 per \$100 assessed valuation: down .0027 from \$0.6225 in the prior year.

### General Revenue Comparison (in thousands) For the Years Ended September 30, 2021 and 2022

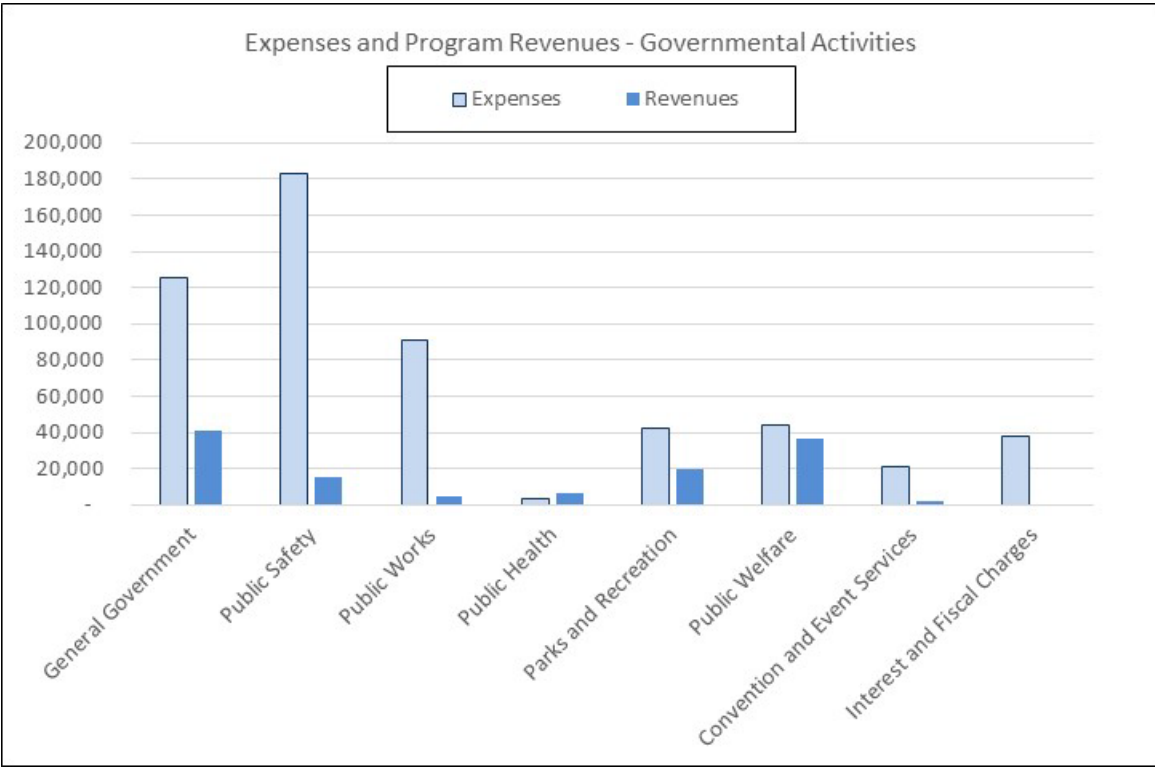


Charges for services increased \$15M with most of the increase resulting from the increase in charges for services in parks and recreation and general government. Capital grants and contributions decreased by \$68M primarily due to a reduction in capital contributions related public works. Operating grants and contributions increased \$.9M compared to the prior year. Interest income increased by \$.6M compared to the prior year.

Sales tax revenue increased by \$19.9M, up 14.61% from the prior year. Utility franchise fee collections increased by 8.0% in 2022.

Overall, expenses increased approximately \$71.9M (15.1%) from the prior year. Increases are primarily attributed to an increase in public safety amount to approximately \$21.8M while public welfare expenses increased by \$17.5M.

As shown in the chart below, revenues generated by the City's programs are not sufficient to cover the costs. The City relies on property taxes, sales taxes, investment income and other general revenues to cover the costs associated with the various programs.



## City of Arlington's Changes in Net Position

(Amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 61,244	\$ 76,264	\$ 190,427	\$ 214,949	\$ 251,671	\$ 291,213
Operating grants and contributions	58,366	44,613	-	-	58,366	44,613
Capital grants and contributions	4,136	4,068	3,715	6,342	7,851	10,410
General Revenues:						
Taxes	333,186	364,124	-	-	333,186	364,124
Utility franchise fees	21,468	23,193	-	-	21,468	23,193
Interest income	2,362	2,950	977	3,348	3,339	6,298
Other	9,481	(2,482)	-	(6,063)	9,481	(8,545)
<b>Total revenues</b>	<b>490,243</b>	<b>512,730</b>	<b>195,119</b>	<b>218,576</b>	<b>685,362</b>	<b>731,306</b>
<b>Expenses</b>						
General government	125,142	125,031	-	-	125,142	125,031
Public Safety	161,468	183,230	-	-	161,468	183,230
Public Works	74,761	91,298	-	-	74,761	91,298
Public Health	2,548	3,025	-	-	2,548	3,025
Parks and recreation	30,915	42,481	-	-	30,915	42,481
Public welfare	26,442	43,975	-	-	26,442	43,975
Convention and event services	14,573	20,660	-	-	14,573	20,660
Interest and fiscal charges	39,204	37,603	-	-	39,204	37,603
Water, sewer and storm water	-	-	132,892	131,340	132,892	131,340
<b>Total expenses</b>	<b>475,053</b>	<b>547,303</b>	<b>132,892</b>	<b>131,340</b>	<b>607,945</b>	<b>678,643</b>
<b>Increase in net position before transfers</b>	<b>15,190</b>	<b>(34,573)</b>	<b>62,227</b>	<b>87,236</b>	<b>77,417</b>	<b>52,663</b>
Transfers and capital contributions	19,882	23,077	(19,882)	(23,077)	-	-
<b>Increase (decrease) in net position</b>	<b>35,072</b>	<b>(11,496)</b>	<b>42,345</b>	<b>64,159</b>	<b>77,417</b>	<b>52,663</b>
<b>Net Position, October 1</b>	<b>1,935,071</b>	<b>1,970,143</b>	<b>835,696</b>	<b>878,041</b>	<b>2,770,767</b>	<b>2,848,184</b>
<b>Net Position, September 30</b>	<b>\$ 1,970,143</b>	<b>\$ 1,958,647</b>	<b>\$ 878,041</b>	<b>\$ 942,200</b>	<b>\$ 2,848,184</b>	<b>\$ 2,900,847</b>

### Business-type Activities

During the current fiscal year, net position for business-type activities increased \$64.2M from the prior fiscal year for an ending balance of \$942.2M. The increase in overall net position of business-type activities is the result of the increased amount of water and sewer revenue. The revenue increase of \$23.5M 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 decreased by \$1.6M from the prior year.

## CAPITAL AND LEASE ASSET AND DEBT ADMINISTRATION

### Capital and Lease Assets

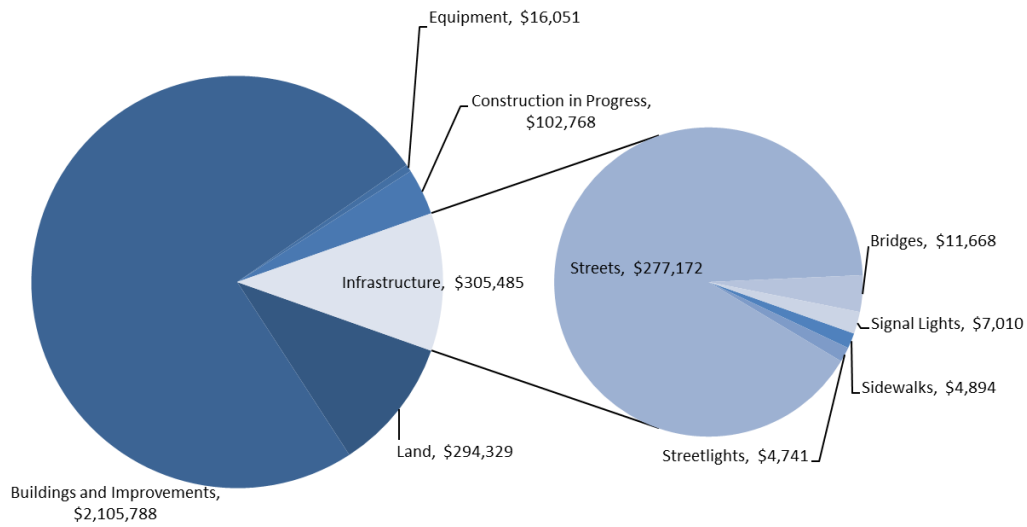
The City's net investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$3.8B (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, water treatment plants, lease assets and stadiums. The total increase in capital and lease assets for the current fiscal year was \$15.6M. This is a 0.41% increase over the prior fiscal year. Footnote III 5 in the notes to the financial statements provides more detailed information regarding the City's capital and lease asset activity.

<b>City of Arlington's Capital and Lease Assets</b>						
<b>(in thousands, net of depreciation and amortization)</b>						
	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>
Land	\$ 293,972	\$ 294,329	\$ 23,757	\$ 23,757	\$ 317,729	\$ 318,086
Buildings and improvements	2,084,736	2,105,788	7,231	7,046	2,091,967	2,112,834
Machinery and equipment	16,764	16,051	876	583	17,640	16,634
Construction in progress	167,612	102,768	139,482	195,613	307,094	298,381
Infrastructure	310,802	305,485	-	-	310,802	305,485
Lease assets	-	2,973	-	-	-	2,973
Drainage system	-	-	90,458	99,741	90,458	99,741
Water and sewer system	-	-	670,294	663,134	670,294	663,134
Totals	\$ 2,873,886	\$ 2,827,394	\$ 932,098	\$ 989,874	\$ 3,805,984	\$ 3,817,268

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

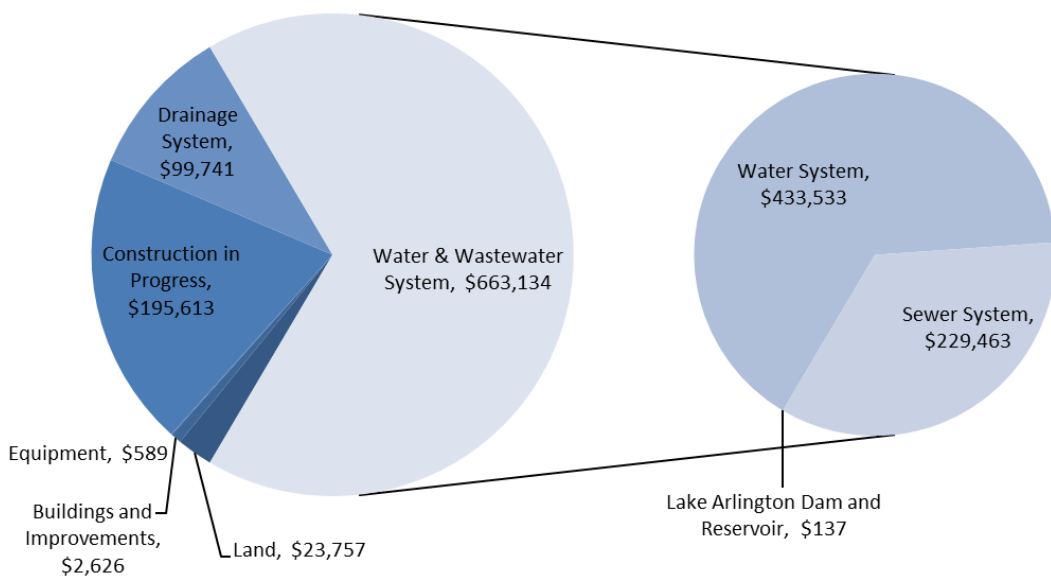
- Private developer capital contributions of \$6.3M to the City's water and sewer infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion of \$67.3M
- Storm drainage system capital improvements and expansion of \$8.9M
- Street construction projects capital outlay totaling \$28.6M
- Improvements to parks and recreation facilities of \$3.6M

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



Asset	Book Value	Accumulated Depreciation	Net Value
Sidewalks	\$ 70,254	\$ (65,360)	\$ 4,894
Streetlights	19,202	(14,461)	4,741
Streets	921,215	(644,043)	277,172
Bridges	43,200	(31,532)	11,668
Signal Lights	20,007	(12,997)	7,010
	<u>\$ 1,073,878</u>	<u>\$ (768,393)</u>	<u>\$ 305,485</u>

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

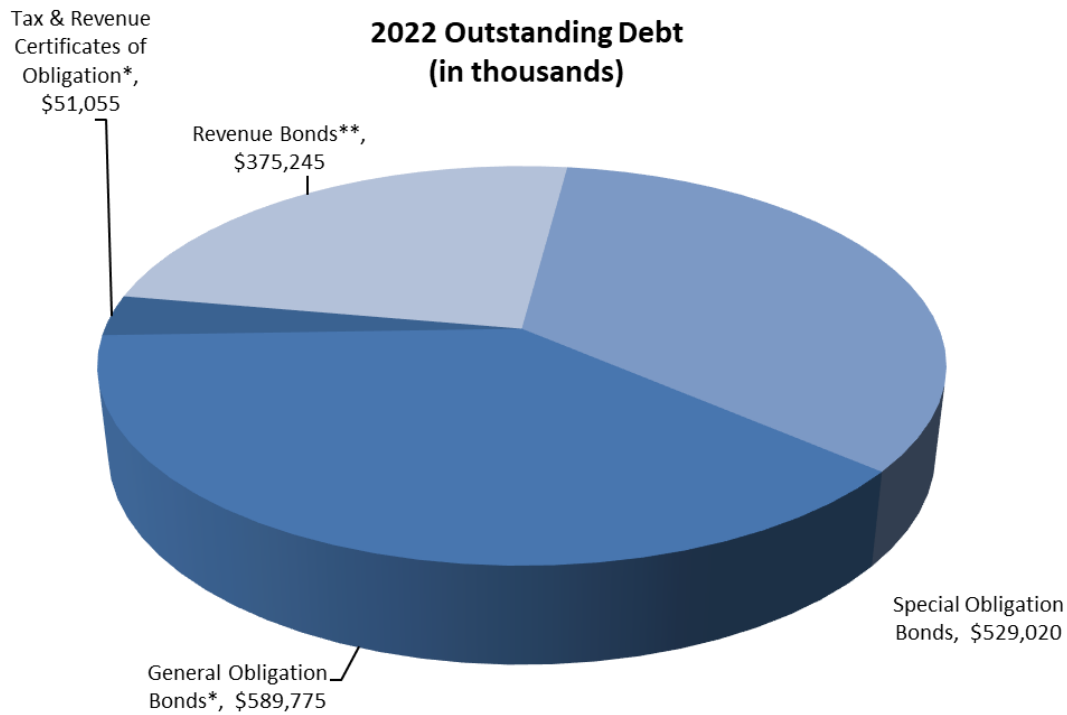


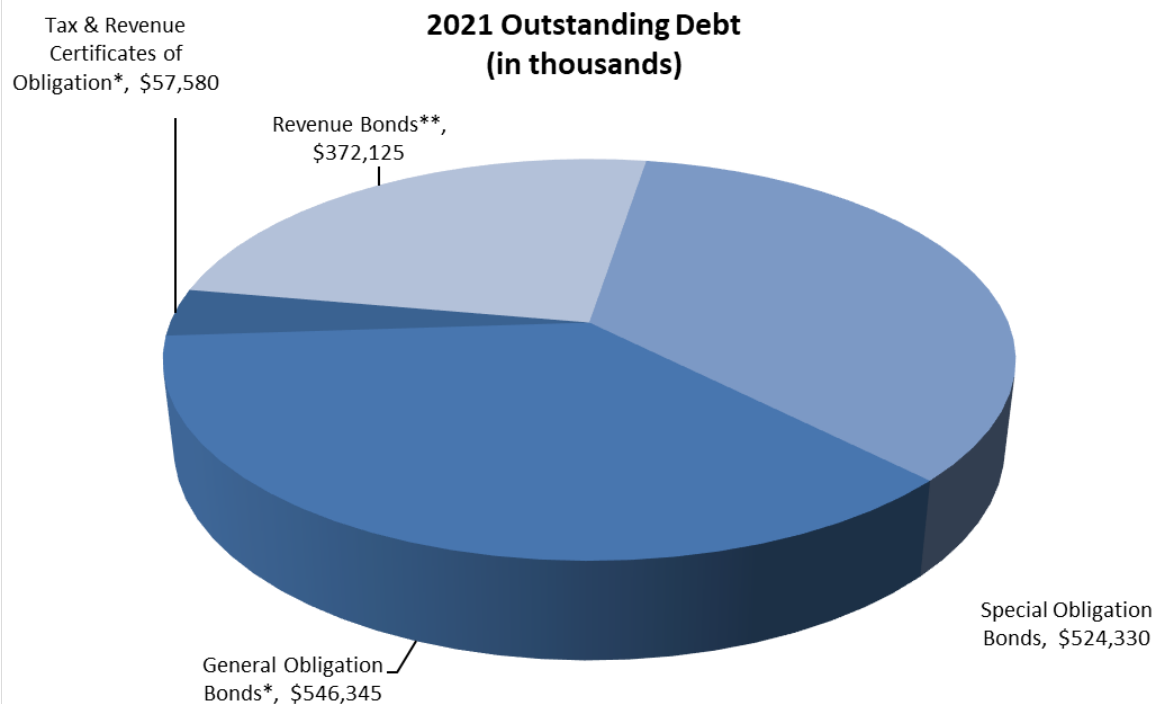


Asset	Book Value	Accumulated Depreciation	Net Value
Lake Arlington Dam and Reservoir	\$ 2,619	\$ (2,482)	\$ 137
Water System	700,100	(266,566)	433,534
Sewer System	372,462	(142,998)	229,464
	<u>\$ 1,075,181</u>	<u>\$ (412,046)</u>	<u>\$ 663,135</u>

### Debt

At the end of the current fiscal year, the City had total bonded debt outstanding of \$1.55B, a slight increase from 2021.





*\*Secured by City Tax Base*

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

## City of Arlington's Outstanding Debt

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2022	2021	2022	2021	2022
General obligation bonds (backed by the City)	\$ 546,345	\$ 589,775	\$ -	\$ -	\$ 546,345	\$ 589,775
Combination tax and revenue certificates of obligation (backed by the City)	57,580	51,055	-	-	57,580	51,055
Special tax revenue bonds	524,330	529,020	-	-	524,330	529,020
Revenue bonds (backed by fee revenues)			372,125	375,245	372,125	375,245
Total	\$1,128,255	\$1,169,850	\$372,125	\$375,245	\$1,500,380	\$ 1,545,095

During the current fiscal year, the City issued \$83.2M in Permanent Improvement Bonds, \$9.5M in Tax Increment Revenue Bonds, \$20.3M in Water and Wastewater System Revenue Bonds and \$9.5M in Stormwater Revenue Bonds. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

In 2022, the City's debt ratings were as follows by type and agency:

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

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

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

\* AMBAC insured / AMBAC no longer rated

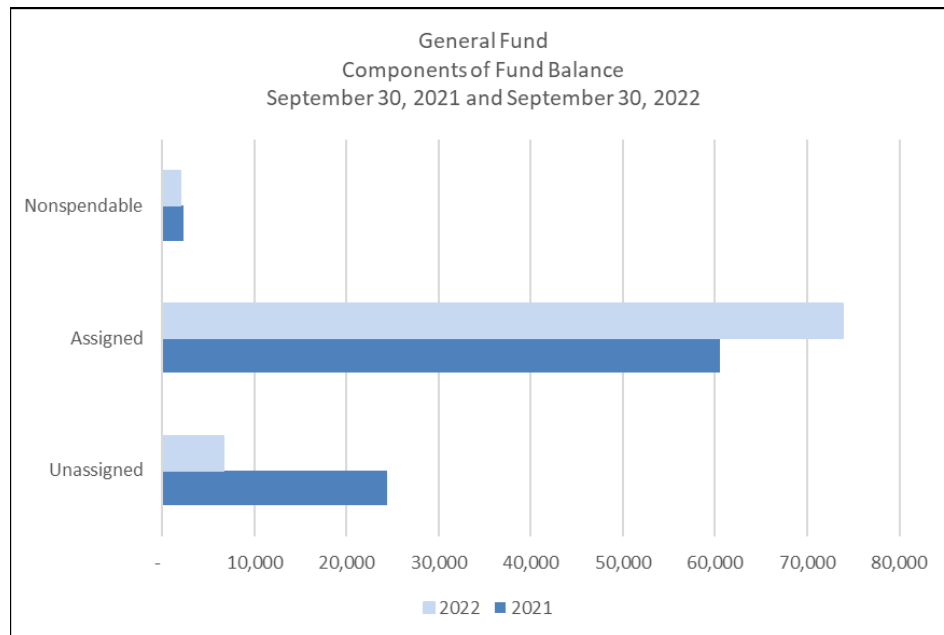
General bonded debt per capita increased from \$1,603 in 2021 to \$1,679 in 2022.

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 2.12%.

The City maintains a self-insurance program for bodily injury, property damage, personal injury, advertising injury, regulatory injury, and worker's compensation. Claims for worker's compensation over \$750,000 per occurrence are covered by a private insurance company. Claim liabilities are actuarially determined and take into consideration claim experience, adjustment expenses, economic, and other factors which can vary considerably from year to year. Total estimated claims liability on September 30, 2022 was \$10.2M.

## THE CITY'S FUNDS

The governmental funds of the City reported a combined fund balance of \$454.2M. The General Fund balance was \$82.4M, which was \$4.9M less than the previous year, primarily due to increased expenditures in all categories. The Debt Service fund balance increased \$22.2M, ending the year with \$60.3M. The increase was a result of the reduced debt payments and increased sales taxes received during the fiscal year. Other changes in fund balances noted include:



- Street Capital Projects fund balance increased in fiscal year 2022, up from \$99M to \$104.6M.
- The City's water and sewer fund net position of \$786.4M increased by \$50.3M in the current year. The increase in net position is primarily due to operating revenues exceeding expenses by \$77.8M, capital contributions of \$6.3M and net transfers out of \$21M.
- The Storm Water Utility fund saw an increase of \$14.1M to net position in 2022. Storm water fee revenues exceeded fund expenses by \$16.4M and transfers out of \$2.3M were completed, increasing net position to \$161.1M at the end of the fiscal year.

## GENERAL FUND BUDGET HIGHLIGHTS

During fiscal year 2022, there were no amendments to the general fund operating budget.

Actual expenditures on a budgetary basis of \$226.6M were less than budgeted expenditures of \$304.6M.

Revenues on a budgetary basis were higher than the budgeted amount of \$265.5M by \$17.2M. Taxes, licenses and permits, leases, rents and concessions, and other revenues were higher than budgeted and are attributable to the variance.

## **ECONOMIC FACTORS AND FISCAL YEAR 2022**

Each year, the City Council identifies community priorities that guide how to allocate the City's resources. The annual Budget and Business Plan are developed to address the City Council's adopted priorities. Economic development continues to be a priority to capitalize on development throughout the region. The City must continue to look for ways to innovate, provide the highest value possible to residents, respond to challenges, and plan. The 2023 Budget also focuses on public safety funding, opening, and maintaining City facilities. General Fund property tax revenues are budgeted at \$125.4M and sales taxes increased to \$86.4M. Key budget priorities in 2023 are:

- Enhance regional mobility
- Support youth and families
- Champion great neighborhoods
- Invest in our economy
- Leverage technology
- Build unity

The City's total General Fund revenues and transfers for 2023 are budgeted at \$296.1M, and total General Fund expenditures are expected to be \$296.1M, an increase of \$39.1M over 2022.

The General Fund's largest single revenue source is property taxes. This revenue represents 43% of the General Fund budget. The property tax rate for 2023 is \$0.5998 per \$100 valuation, the seventh time it has decreased since 2001. The tax rate is split out into two categories, operations, and maintenance, \$0.4030 per \$100 valuation, to the General Fund, and interest and sinking, \$0.1968 per \$100 valuation, for debt service. The General Fund property tax revenue for 2022 is estimated to be \$115.2M, up \$5.8M (5.3%) from last year's estimate.

The City's portion of the local 8.25 cent sales tax rate is two cents. The General Fund receives one cent, one-quarter cent is dedicated to the Street Maintenance Fund, one-quarter cent is dedicated to funding the City's Economic Development Corporation, and one-half cent provides for debt service for venue debt. Sales tax revenue for the General Fund for fiscal year 2023 is estimated at \$86.4, an increase of \$13 from 2022 estimates.

The City's Water and Sewer Fund accounts for approximately 30.3% 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 \$88.6M and \$79.2M respectively for FY 2023. 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 2023 Operating Budget can be accessed on the City's website: <http://www.arlington-tx.gov/budget/>.

## **REQUESTS FOR INFORMATION**

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

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 503,314	\$ 25,254	\$ 528,568	\$ 52,248
Investments	-	-	-	66,699
Land held for resale	7,653	-	7,653	-
Receivables (net of allowance for uncollectibles):				
Taxes	6,857	-	6,857	4,097
Sales taxes	28,773	-	28,773	-
Trade accounts	-	12,694	12,694	-
Franchise fees	6,453	-	6,453	-
Unbilled trade accounts	-	11,962	11,962	-
Special assessments	122	-	122	-
Accrued interest	2,465	19	2,484	125
Lease	90,838	3,062	93,900	-
Other	6,870	4,078	10,948	1,428
Internal balances	5,262	(5,262)	-	-
Due from other governments	14,338	-	14,338	-
Inventory of supplies	2,109	4,402	6,511	-
Prepaid expenses	-	-	-	34
Net pension asset	111,857	7,769	119,626	-
Restricted assets-				
Bond contingency-				
Investments	-	32,209	32,209	-
Capital construction-				
Investments	-	242,772	242,772	-
Escrow	-	42,718	42,718	-
Meter deposits-				
Investments	-	8,823	8,823	-
Capital and Lease Assets-				
Land	294,329	23,757	318,086	4,654
Buildings and improvements	2,679,722	9,261	2,688,983	934
Water and sewer system	-	1,075,181	1,075,181	-
Machinery and equipment	147,081	13,232	160,313	5,636
Infrastructure	1,073,878	-	1,073,878	-
Lease assets	3,994	-	3,994	-
Drainage systems	-	154,848	154,848	-
Construction in progress	102,768	195,613	298,381	-
Accumulated depreciation/amortization	(1,474,378)	(482,018)	(1,956,396)	(1,704)
<b>Total Assets</b>	<b>3,614,305</b>	<b>1,380,374</b>	<b>4,994,679</b>	<b>134,151</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on debt refunding	8,935	645	9,580	-
Pension items	28,896	1,986	30,882	-
OPEB items	22,992	1,667	24,659	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>3,675,128</b>	<b>1,384,672</b>	<b>5,059,800</b>	<b>134,151</b>

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

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF NET POSITION**  
**AS OF SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 36,377	\$ 6,159	\$ 42,536	\$ 5,507
Unearned revenue	60,219	-	60,219	\$ 4,609
Retainage payable	931	-	931	-
Accrued interest	6,011	-	6,011	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	5,223	5,223	-
Retainage payable	-	3,872	3,872	-
Accrued interest	-	2,321	2,321	-
Meter deposits	-	8,658	8,658	-
Noncurrent liabilities				
Due within one year:				
Estimated claims payable	3,768	-	3,768	-
General obligation and certificates of obligation debt	49,415	-	49,415	-
Special tax revenue debt	5,965	-	5,965	-
Accrued compensated absences	1,490	93	1,583	-
Revenue bonds	-	28,180	28,180	-
Leases payable	1,160	-	1,160	-
Due in more than one year:				
Estimated claims payable	6,447	-	6,447	-
Rebatable arbitrage payable	-	125	125	-
Total other postemployment benefit liability	133,726	9,316	143,042	-
General obligation and certificates of obligation debt	591,415	-	591,415	-
Special tax revenue debt	523,055	-	523,055	-
Estimated pollution remediation	14	-	14	-
Accrued compensated absences	40,267	2,490	42,757	-
Revenue bonds	-	349,866	349,866	-
Premium on general obligation and certificates of obligation debt	76,593	16,823	93,416	-
Discount on general obligation and certificates of obligation debt	(1,911)	-	(1,911)	-
Leases payable	1,761	-	1,761	-
<b>Total Liabilities</b>	<u>1,536,703</u>	<u>433,126</u>	<u>1,969,829</u>	<u>10,116</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension items	85,437	5,939	91,376	-
OPEB items	4,089	346	4,435	-
Leases related	90,252	3,061	93,313	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,716,481</u>	<u>442,472</u>	<u>2,158,953</u>	<u>10,116</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,692,854	833,906	2,526,760	6,189
Restricted for debt service	60,305	82,037	142,342	-
Restricted for special revenue	79,816	-	79,816	-
Restricted for use of impact fees	13,628	-	13,628	-
Restricted for net pension asset	111,857	7,769	119,626	-
Restricted for housing assistance	-	-	-	5,407
Restricted for Arlington Economic Development Corporation Operations	-	-	-	4,862
Restricted for endowments	-	-	-	75,990
Unrestricted	187	18,488	18,675	31,587
<b>Total Net Position</b>	<u>\$ 1,958,647</u>	<u>\$ 942,200</u>	<u>\$ 2,900,847</u>	<u>\$ 124,035</u>

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





**CITY OF ARLINGTON, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 125,031	\$ 36,250	\$ 4,310	\$ 62
Public safety	183,230	11,052	4,325	-
Public works	91,298	2,245	56	2,656
Public health	3,025	6,565	-	-
Parks and recreation	42,481	18,122	26	1,350
Public welfare	43,975	221	35,896	-
Convention and event services	20,660	1,809	-	-
Lease expense	(46)	-	-	-
Interest and fiscal charges	37,649	-	-	-
<b>Total Governmental Activities</b>	<u>547,303</u>	<u>76,264</u>	<u>44,613</u>	<u>4,068</u>
<b>Business-Type Activities:</b>				
Water and sewer	122,599	192,877	-	6,342
Storm water utility	8,741	22,072	-	-
<b>Total Business-Type Activities</b>	<u>131,340</u>	<u>214,949</u>	<u>-</u>	<u>6,342</u>
<b>Total Primary Government</b>	<u>\$ 678,643</u>	<u>\$ 291,213</u>	<u>\$ 44,613</u>	<u>\$ 10,410</u>
<b>Component Units:</b>				
Arlington Housing Authority	\$ 39,912	\$ 40,924	\$ -	\$ -
Arlington Convention and Visitors Bureau	7,213	6,172	3,753	-
Arlington Tomorrow Foundation	8,688	-	-	-
Arlington Housing Finance Corporation	50	467	-	-
Arlington Tourism Public Improvement District	2,584	2,923	-	-
Arlington Convention Center Development Corp	45	46	-	-
Arlington Economic Development Corp	649	23,888	-	-
<b>Total Component Units</b>	<u>\$ 59,141</u>	<u>\$ 74,420</u>	<u>\$ 3,753</u>	<u>\$ -</u>

**General Revenues:**

**Taxes:**

Property taxes

Sales taxes

Criminal justice tax

State liquor tax

Bingo tax

TIF/TIRZ

Occupancy tax

Franchise fees based on gross receipts

Intergovernmental revenues

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**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (84,409)	\$ -	\$ (84,409)	\$ -
(167,853)	-	(167,853)	-
(86,341)	-	(86,341)	-
3,540	-	3,540	-
(22,983)	-	(22,983)	-
(7,858)	-	(7,858)	-
(18,851)	-	(18,851)	-
46	-	46	-
(37,649)	-	(37,649)	-
(422,358)	-	(422,358)	-
-	76,620	76,620	-
-	13,331	13,331	-
-	89,951	89,951	-
<u>\$ (422,358)</u>	<u>\$ 89,951</u>	<u>\$ (332,407)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 1,012
-	-	-	2,712
-	-	-	(8,688)
-	-	-	417
-	-	-	339
-	-	-	1
-	-	-	23,239
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,032</u>
177,412	-	177,412	-
155,848	-	155,848	-
302	-	302	-
2,814	-	2,814	-
111	-	111	-
14,741	-	14,741	-
12,896	-	12,896	-
23,193	-	23,193	-
14,612	-	14,612	-
2,950	3,348	6,298	2,370
(10,745)	(10,651)	(21,396)	(16,143)
(6,349)	4,588	(1,761)	4,802
23,077	(23,077)	-	-
410,862	(25,792)	385,070	(8,971)
(11,496)	64,159	52,663	10,061
1,970,143	878,041	2,848,184	113,974
<u>\$ 1,958,647</u>	<u>\$ 942,200</u>	<u>\$ 2,900,847</u>	<u>\$ 124,035</u>

**CITY OF ARLINGTON, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Street Capital Projects	Convention and Event Services	Disaster Assistance	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash-equivalents	\$ 65,924	\$ 50,934	\$ 107,344	\$ 2,710	\$ 54,778	\$ 196,779	\$ 478,469
Land held for resale	-	-	-	-	-	7,653	7,653
Receivables (net of allowance for uncollectibles)							
Taxes	5,309	413	-	1,135	-	-	6,857
Sales taxes	16,481	8,195	-	-	-	4,097	28,773
Franchise fees	6,453	-	-	-	-	-	6,453
Special assessments	-	-	122	-	-	-	122
Accrued interest	1,651	763	-	-	-	-	2,414
Lease agreements	58,822	-	-	31,736	-	280	90,838
Other	5,407	-	-	116	-	1,109	6,632
Due from other funds	8,365	-	-	-	-	-	8,365
Due from other governments	-	-	-	-	495	13,843	14,338
Inventory of supplies, at cost	1,895	-	-	-	-	214	2,109
<b>Total Assets</b>	<b>\$ 170,307</b>	<b>\$ 60,305</b>	<b>\$ 107,466</b>	<b>\$ 35,697</b>	<b>\$ 55,273</b>	<b>\$ 223,975</b>	<b>\$ 653,023</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 20,409	\$ -	\$ 1,935	\$ 610	\$ 361	\$ 9,670	\$ 32,985
Retainage payable	-	-	855	-	-	76	931
Unearned Revenue	2,937	-	122	540	54,912	1,708	60,219
Due to other funds	-	-	-	-	-	8,365	8,365
Due to other governments	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>23,346</b>	<b>-</b>	<b>2,912</b>	<b>1,150</b>	<b>55,273</b>	<b>19,819</b>	<b>102,500</b>
<b>Deferred inflows of resources:</b>							
Taxes	4,199	-	-	-	-	-	4,199
Landfill	1,890	-	-	-	-	-	1,890
Lease agreements	58,456	-	-	31,541	-	255	90,252
<b>Total Deferred Inflows of Resources</b>	<b>64,545</b>	<b>-</b>	<b>-</b>	<b>31,541</b>	<b>-</b>	<b>255</b>	<b>96,341</b>
<b>Fund Balances:</b>							
Nonspendable:							
Inventory	1,895	-	-	-	-	214	2,109
Prepays	-	-	-	-	-	-	-
Restricted for:							
Debt service	-	60,305	-	-	-	-	60,305
Capital projects	-	-	104,554	-	-	96,339	200,893
Special revenue	-	-	-	-	-	79,816	79,816
Committed to:							
Capital projects	-	-	-	-	-	1,749	1,749
Special revenue	-	-	-	-	-	23,291	23,291
Assigned to:							
Working capital	24,032	-	-	-	-	-	24,032
Subsequent years' expenditures	21,393	-	-	-	-	-	21,393
Compensated absences	1,287	-	-	-	-	-	1,287
Other post employment benefits	1,717	-	-	-	-	-	1,717
Future initiatives	17,151	-	-	-	-	-	17,151
Dispatch	1,874	-	-	-	-	-	1,874
Information technology	1,010	-	-	-	-	-	1,010
Business Continuity	4,062	-	-	-	-	-	4,062
Park performance	-	-	-	-	-	1,528	1,528
Capital Projects	-	-	-	-	-	13	13
Event Reserve Trust Fund	1,350	-	-	-	-	-	1,350
Special revenue	-	-	-	3,006	-	951	3,957
Unassigned	6,645	-	-	-	-	-	6,645
<b>Total Fund Balances</b>	<b>82,416</b>	<b>60,305</b>	<b>104,554</b>	<b>3,006</b>	<b>-</b>	<b>203,901</b>	<b>454,182</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 170,307</b>	<b>\$ 60,305</b>	<b>\$ 107,466</b>	<b>\$ 35,697</b>	<b>\$ 55,273</b>	<b>\$ 223,975</b>	<b>\$ 653,023</b>

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

**CITY OF ARLINGTON, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION OF GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**Total fund balances per balance sheet** **\$ 454,182**

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

Capital and leased assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excluding \$11,694 recorded in the internal service funds). 2,812,791

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

Taxes 4,199

Internal service funds are used by management to charge the cost of fleet services, knowledge services, risk management, workers' compensation and group health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 30,362

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

Bonds payable	\$ (1,169,851)	
Premium general obligation debt	(76,593)	
Discount on bonds	1,911	
Deferred outflow of resources (refunding)	8,935	
Accrued interest payable	(6,011)	
Estimated pollution remediation	(14)	
Compensated absences	(41,757)	
Pension:		
Net pension asset (liability)	\$ 111,857	
Deferred inflow/outflow-actuarial gain, assumption changes and contributions	(56,541)	55,316
Other Post Employment Benefits (OPEB)		
Total OPEB liability	(133,726)	
Deferred inflow/outflow-actuarial gain, assumption changes and contributions	18,903	(114,823) (1,342,887)

**Net position of governmental activities** **\$ 1,958,647**

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, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Streets Capital Projects	Convention and Event Services	Disaster Assistance	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 201,083	\$ 116,115	\$ -	\$ 9,896	\$ -	\$ 38,857	\$ 365,951
Licenses and permits	10,930	-	-	-	-	-	10,930
Utility franchise fees	23,193	-	-	-	-	-	23,193
Fines and forfeitures	6,726	-	-	-	-	-	6,726
Leases, rents and concessions	12,175	-	-	3,076	-	-	15,251
Service charges	9,734	-	-	1,809	-	22,570	34,113
Interest revenue	655	680	699	470	-	301	2,805
Net increase (decrease) in fair value of investments	(2,241)	(133)	(4,034)	(74)	-	(4,670)	(11,152)
Contributions	62	-	2,656	-	-	1,350	4,068
Intergovernmental revenues	4,310	-	-	-	14,622	40,293	59,225
Gas lease royalty	-	-	-	-	-	9,253	9,253
Gas lease other	-	-	-	-	-	2	2
Other	20	203	-	(2)	-	3,592	3,813
<b>Total Revenues</b>	<b>266,647</b>	<b>116,865</b>	<b>(679)</b>	<b>15,175</b>	<b>14,622</b>	<b>111,548</b>	<b>524,178</b>
<b>EXPENDITURES</b>							
Current-							
General government	61,945	-	-	-	-	8,061	70,006
Public safety	150,872	-	-	-	13,471	2,495	166,838
Public works	27,289	-	-	-	-	40,180	67,469
Public health	2,309	-	-	-	-	841	3,150
Public welfare	-	-	-	-	-	43,962	43,962
Parks and recreation	16,921	-	-	-	-	15,855	32,776
Convention and event services	-	-	-	16,151	-	4,255	20,406
Capital outlay	-	-	28,605	-	1,151	8,593	38,349
Debt service-							
Principal retirement	-	51,150	-	-	-	-	51,150
Interest and fiscal charges	-	44,390	-	-	-	-	44,390
<b>Total Expenditures</b>	<b>259,336</b>	<b>95,540</b>	<b>28,605</b>	<b>16,151</b>	<b>14,622</b>	<b>124,242</b>	<b>538,496</b>
Excess (deficiency) of revenues over (under) expenditures	7,311	21,325	(29,284)	(976)	-	(12,694)	(14,318)
<b>OTHER FINANCING SOURCES (USES)</b>							
Issuance of bonds	-	-	35,984	-	-	56,761	92,745
Amount Used to Fund Escrow	-	(881)	-	-	-	(9,765)	(10,646)
Bond premium	-	426	2,016	-	-	3,988	6,430
Transfers in	25,372	1,368	-	803	-	41,346	68,889
Transfers out	(37,535)	-	(3,250)	-	-	(6,662)	(47,447)
<b>Total Other Financing Sources and Uses</b>	<b>(12,163)</b>	<b>913</b>	<b>34,750</b>	<b>803</b>	<b>-</b>	<b>85,668</b>	<b>109,971</b>
<b>Net Change in Fund Balances</b>	<b>(4,852)</b>	<b>22,238</b>	<b>5,466</b>	<b>(173)</b>	<b>-</b>	<b>72,974</b>	<b>95,653</b>
<b>Fund Balances, October 1,</b>	<b>87,268</b>	<b>38,067</b>	<b>99,088</b>	<b>3,179</b>	<b>-</b>	<b>130,927</b>	<b>358,529</b>
<b>Fund Balances, September 30</b>	<b>\$ 82,416</b>	<b>\$ 60,305</b>	<b>\$ 104,554</b>	<b>\$ 3,006</b>	<b>\$ -</b>	<b>\$ 203,901</b>	<b>\$ 454,182</b>

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, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**Net change in fund balances - total governmental funds** **\$ 95,653**

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. 38,987

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. (87,779)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (778)

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	(92,745)	
Repayment of general obligation debt	51,150	
Proceeds from issuance of bonds	(6,429)	
Amortization of bond premium	6,741	
		(41,283)

Effect of implementation of GASB 87-Leases (44,339)

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

Compensated absences	944	
Accrued interest expense	(488)	
Estimated pollution remediation	(14)	
Net pension asset (liability)	28,131	
Net OPEB liability	(4,402)	
		24,171

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. 3,872

**Change in net position of governmental activities** **\$ (11,496)**

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, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Storm Water Utility</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalent investments	\$ 24,432	\$ 822	\$ 25,254	\$ 24,845
Receivables (net of allowances for uncollectibles):				
Trade accounts	11,389	1,305	12,694	-
Accrued Interest	19	-	19	51
Unbilled trade accounts	10,951	1,011	11,962	-
Leases receivable	3,062	-	3,062	-
Other	4,078	-	4,078	239
Inventory of supplies, at cost	4,402	-	4,402	-
Subtotal	58,333	3,138	61,471	25,135
Restricted Assets:				
Bond contingency-cash and cash-like investments	12,852	355	13,207	-
Capital construction-cash and cash-like investments	35,193	9,841	45,034	-
<b>Total Current Assets</b>	106,378	13,334	119,712	25,135
<b>Noncurrent Assets:</b>				
Restricted Assets:				
Bond contingency- Investments	17,444	1,558	19,002	-
Capital construction- Investments	154,529	43,209	197,738	-
Escrow	42,718	-	42,718	-
Meter deposit investments	8,823	-	8,823	-
Capital Assets:				
Land	7,929	15,828	23,757	-
Buildings and improvements	9,261	-	9,261	467
Water and sewer system	1,075,181	-	1,075,181	-
Machinery and equipment	13,209	23	13,232	53,420
Drainage system	-	154,848	154,848	-
Construction-in-progress	147,952	47,661	195,613	-
Accumulated depreciation	(426,881)	(55,137)	(482,018)	(42,193)
Total Capital Assets Net of Accumulated Depreciation	826,651	163,223	989,874	11,694
Net Pension Asset	7,769	-	7,769	-
<b>Total Noncurrent Assets</b>	1,057,934	207,990	1,265,924	11,694
<b>Total Assets</b>	1,164,312	221,324	1,385,636	36,829
<b>Deferred Outflows of Resources:</b>				
Deferred charges on debt refunding	470	175	645	-
Pension items	1,986	-	1,986	-
OPEB items	1,667	-	1,667	-
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 1,168,435	\$ 221,499	\$ 1,389,934	\$ 36,829

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, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Storm Water Utility</b>	<b>Total</b>	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 5,052	\$ 1,107	\$ 6,159	\$ 1,502
Accrued compensated absences	86	7	93	-
Revenue bonds payable from unrestricted assets	11,393	3,935	15,328	-
<b>Current Liabilities Payable From Restricted Assets:</b>				
Accounts payable and accrued liabilities	5,103	120	5,223	-
Retainage payable	3,474	398	3,872	-
Accrued interest	1,713	608	2,321	-
Estimated claims payable	-	-	-	3,768
Revenue bonds payable from restricted assets	12,852	-	12,852	-
Meter deposits	8,658	-	8,658	-
<b>Total Current Liabilities</b>	<b>48,331</b>	<b>6,175</b>	<b>54,506</b>	<b>5,270</b>
<b>Noncurrent Liabilities:</b>				
Estimated claims payable	-	-	-	6,447
Rebatable arbitrage payable	125	-	125	-
Compensated absences	2,163	327	2,490	12
Revenue bonds payable from unrestricted assets	298,741	51,125	349,866	-
Premium on revenue bonds payable	14,016	2,807	16,823	-
OPEB liability	9,316	-	9,316	-
<b>Total Noncurrent Liabilities</b>	<b>324,361</b>	<b>54,259</b>	<b>378,620</b>	<b>6,459</b>
<b>Total Liabilities</b>	<b>372,692</b>	<b>60,434</b>	<b>433,126</b>	<b>11,729</b>
<b>Deferred Inflows of Resources:</b>				
Pension items	5,939	-	5,939	-
Lease related	3,061	-	3,061	-
OPEB Items	346	-	346	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>382,038</b>	<b>60,434</b>	<b>442,472</b>	<b>11,729</b>
<b>NET POSITION</b>				
Net investment in capital assets	675,897	158,009	833,906	11,694
Restricted for debt service	80,124	1,913	82,037	-
Unrestricted	30,376	1,143	31,519	13,406
<b>Total Net Position</b>	<b>\$ 786,397</b>	<b>\$ 161,065</b>	<b>\$ 947,462</b>	<b>\$ 25,100</b>
Reconciliation to government-wide statements of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(5,262)	
Net position of business-type activities			<u>\$ 942,200</u>	

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



**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Storm Water Utility</b>	<b>Total</b>	
<b>Operating Revenues:</b>				
Water sales	\$ 95,998	\$ -	\$ 95,998	\$ -
Sewer service	81,667	-	81,667	-
Storm water fee - commercial	-	10,764	10,764	-
Storm water fee - residential	-	11,308	11,308	-
Service charges	-	-	-	40,890
Sundry	15,212	-	15,212	-
<b>Total Operating Revenues</b>	<b>192,877</b>	<b>22,072</b>	<b>214,949</b>	<b>40,890</b>
<b>Operating Expenses:</b>				
Purchase of water	20,305	-	20,305	-
Purchase of sewage treatment	38,599	-	38,599	-
Salaries and wages	13,719	2,772	16,491	94
Employees' retirement	1,326	308	1,634	22
Operations and maintenance	18,596	1,072	19,668	(4)
Claims (net of adjustments)	-	-	-	32,436
Depreciation	21,160	3,072	24,232	3,536
Miscellaneous services	1,417	441	1,858	7,046
<b>Total Operating Expenses</b>	<b>115,122</b>	<b>7,665</b>	<b>122,787</b>	<b>43,130</b>
<b>Operating Income (Loss)</b>	<b>77,755</b>	<b>14,407</b>	<b>92,162</b>	<b>(2,240)</b>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	3,009	339	3,348	(93)
Net increase (decrease) in the fair value of investments	(8,763)	(1,888)	(10,651)	(407)
Miscellaneous Revenue/Expense	-	4,588	4,588	-
Gain (loss) on sale of assets	-	-	-	425
Interest expense and fiscal charges	(7,250)	(1,076)	(8,326)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(13,004)</b>	<b>1,963</b>	<b>(11,041)</b>	<b>(75)</b>
Income (loss) before transfers and contributions	64,751	16,370	81,121	(2,315)
Contributions in aid of construction	6,342	-	6,342	-
Transfers in	170	-	170	1,635
Transfers out	(20,966)	(2,281)	(23,247)	-
<b>Change in Net Position</b>	<b>50,297</b>	<b>14,089</b>	<b>64,386</b>	<b>(680)</b>
<b>Total Net Position, October 1</b>	<b>736,100</b>	<b>146,976</b>	<b>883,076</b>	<b>25,780</b>
<b>Total Net Position, September 30</b>	<b>\$ 786,397</b>	<b>\$ 161,065</b>	<b>\$ 947,462</b>	<b>\$ 25,100</b>
Net change in net position - total enterprise funds			\$ 64,386	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(227)	
Change in net position of business-type activities			<u>\$ 64,159</u>	

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, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Storm Water Utility</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 184,045	\$ 22,100	\$ 206,145	\$ 41,178
Cash payments to suppliers	(80,455)	(1,488)	(81,943)	(39,519)
Cash payments to employees	(15,353)	(3,117)	(18,470)	(116)
<b>Net Cash Provided By Operating Activities</b>	<b>88,237</b>	<b>17,495</b>	<b>105,732</b>	<b>1,543</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	170	-	170	1,635
Transfers out	(20,966)	(2,281)	(23,247)	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>(20,796)</b>	<b>(2,281)</b>	<b>(23,077)</b>	<b>1,635</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(66,810)	8,856	(57,954)	(2,863)
Increase/Decrease in escrow balance	30,192	-	30,192	-
Proceeds from sales of capital assets	-	-	-	425
Proceeds from issuance of long-term debt	20,335	9,525	29,860	-
Repayment of long-term debt	(23,250)	(3,490)	(26,740)	-
Interest payment long-term debt	(8,665)	(945)	(9,610)	-
<b>Net Cash Provided By (Used For) Capital Related Financing Activities</b>	<b>(48,198)</b>	<b>13,946</b>	<b>(34,252)</b>	<b>(2,438)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from interest earnings	3,004	339	3,343	(82)
Net increase in the fair value of investments	(8,763)	(678)	(9,441)	(407)
Purchase of investments	(133,029)	(68,529)	(201,558)	-
Maturities/sales of investments	70,214	10,124	80,338	-
<b>Net cash Used for Investing Activities</b>	<b>(68,574)</b>	<b>(58,744)</b>	<b>(127,318)</b>	<b>(489)</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(49,331)</b>	<b>(29,584)</b>	<b>(78,915)</b>	<b>251</b>
<b>Cash and cash equivalents, October 1</b>	<b>121,808</b>	<b>40,602</b>	<b>162,410</b>	<b>24,594</b>
<b>Cash and cash equivalents, September 30</b>	<b>\$ 72,477</b>	<b>\$ 11,018</b>	<b>\$ 83,495</b>	<b>\$ 24,845</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 77,755	\$ 14,407	\$ 92,162	\$ (2,240)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	21,160	3,072	24,232	3,536
Amortization of bond premium	1,612	801	2,413	-
Amortization of deferred loss on bond refunding	(470)	(58)	(528)	-
Provision for bad debts	172	-	172	-
(Increase) decrease in- Receivables	(9,005)	27	(8,978)	288
Inventory of supplies	(2,479)	-	(2,479)	-
Prepaid expenses	-	-	-	-
Increase (decrease) in- Accounts payable and accrued liabilities	(3,808)	(483)	(4,291)	(137)
Net pension/OPEB liability	1,558	-	1,558	-
Estimated claims payable	-	-	-	96
Retainage payable	1,339	(105)	1,234	-
Meter deposits	887	-	887	-
Accrued compensated absences	(484)	(166)	(650)	-
Total adjustments	10,482	3,088	13,570	3,783
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 88,237</b>	<b>\$ 17,495</b>	<b>\$ 105,732</b>	<b>\$ 1,543</b>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets from developers	6,432	-	6,432	-

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, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Custodial Funds</b>
<b>ASSETS</b>		
Cash and cash-equivalents	\$ -	\$ 2,816
Investments		
Money market fund	135	-
Corporate bonds	2,526	-
Fixed income mutual bond funds	815	-
Common stock mutual bond funds	708	-
Total Investments	4,184	-
<b>Total Assets</b>	<b>\$ 4,184</b>	<b>\$ 2,816</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ -	\$ -
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET POSITION</b>		
Restricted for pensions	\$ 3,033	\$ -
Restricted for OPEB	1,151	-
Restricted for individuals, organizations, and other governments	-	2,816
<b>Total Net Position</b>	<b>\$ 4,184</b>	<b>\$ 2,816</b>

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

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Employer contributions	\$ 260	\$ -
Employee contributions	74	-
Net depreciation in fair value of investments	(527)	-
Other additions (deductions)	(211)	18,018
Seizures	-	65
<b>Total Additions</b>	<b>(404)</b>	<b>18,083</b>
<b>DEDUCTIONS</b>		
Benefits	216	-
Plan administration	80	-
Other deductions	-	17,742
Seizures forfeited or returned to defendants	-	-
<b>Total Deductions</b>	<b>296</b>	<b>17,742</b>
<b>Increase (Decrease) in Net Position</b>	<b>(700)</b>	<b>341</b>
<b>Net Position, October 1</b>	<b>4,884</b>	<b>2,475</b>
<b>Net Position, September 30</b>	<b>\$ 4,184</b>	<b>\$ 2,816</b>

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



**CITY OF ARLINGTON, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022**

**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 and amortization expenses on the City's capital and lease assets, including infrastructure.

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

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

**B. Reporting Entity**

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

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, 61, 80, 84 and 90, 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 \$81.8 million created by natural gas revenues to be used for the benefit of the Arlington community. The City Council acts as the board of directors. The ATF's management is designated by the City, and City employees are responsible for the daily activities of the ATF; accordingly, the City has financial accountability over ATF's activities. Separate ATF component unit financial statements are not prepared.

#### 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.

#### Fiduciary Component Units

##### Part-Time, Seasonal and Temporary Employees Deferred Income Plan

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

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

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

##### Disability Income Plan (DIP)

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

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

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

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



### C. Government-wide and Fund Financial Statements

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

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a 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, Convention and Event Services Fund, and Disaster Assistance Fund. The enterprise funds are made up of the Water and Sewer Utility and Storm Water Utility funds. GAAP sets forth minimum criteria (percentage of assets, liabilities, deferrals, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the Annual Comprehensive Financial Report.

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

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

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

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers taxes and other revenue to be available if they are collected within 60 days of the end of the current fiscal period, while grants typically are received within 90 days. Expenditures are recorded when a liability is incurred, as under accrual accounting, except debt service expenditures, including lease liabilities, 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. General capital asset acquisitions, including entering into contracts giving the City of Arlington the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

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

1. Governmental Funds:

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

Major Funds:

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

2. Proprietary Funds:

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

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

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

3. Fiduciary Fund Types:

The City additionally reports the following fiduciary fund types:

- a. Pension and other employee benefit trust funds are used to account for the accumulation of resources to be used for the retirement and disability benefit payments to qualified employees.
- b. Custodial Funds are used to account for assets held by the City in a fiduciary capacity as custodian or agent for individuals, other funds within the City, other governmental units, and private organizations.

These include amounts held for court proceedings and amounts held for infrastructure improvements donated by developers.

E. Cash, Cash Equivalents and Investments

To facilitate cash management, the operating cash of certain funds and component units is pooled into a cash management pool for the purpose of increasing income through combined investment activities. This cash and investment pool is available for use by all funds and component units except the Trust Funds and the AHA, which maintain separate investments. Each fund's portion of this pool is allocated through its cash and cash equivalent 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 equivalents - 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 and Lease Assets

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements Other than Buildings	20-40
Equipment	5-25
Lease Assets	5-20
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. Leases

##### Lessee

The City of Arlington is a lessee for various noncancellable leases of land, buildings and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial individual value of \$5,000 or more.

At the commencement of a lease, the City of Arlington initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal

portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the City of Arlington determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City of Arlington uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City of Arlington generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City of Arlington is reasonably certain to exercise.

The City of Arlington monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

#### Lessor

The City of Arlington is a lessor for various noncancellable leases of a right-of-way, buildings and equipment. The City of Arlington recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City of Arlington initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City of Arlington determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City of Arlington uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City of Arlington monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

#### K. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability/asset, pension related deferred outflows and inflows of resources, and pension and OPEB expense, City specific information about its Fiduciary Net Position in the plans can be found in their audited financial statements. Additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by Texas Municipal Retirement System (TMRS) and Part-Time Seasonal and Temporary Employees Deferred Income Program (PSTDIP), Disability Income Plan (DIP), Supplemental Death Benefits, and Retiree Health Insurance statements. For this purpose, plan contributions are

recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from PSTDIP audited financial statements and TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions an amendment of GASB Statement No. 27*, as amended.

Beginning in fiscal year 2015, and in accordance with GASB 68 and 71, the City's net pension liability/asset is recorded on the face of the financial statements. The City elected to allocate the net pension liability/asset among governmental and business type activities based on measurement year contribution percentages. The City elected to absorb fund allocations of less than 1.25% of total contributions to Governmental activities. Component units' contributions total 0.91% of total contributions and are not allocated separately, due to the threshold percentage. The estimated amount of net pension asset included in governmental activities for component units is \$1,088.6K. Detailed pension information is discussed in footnote 6.

Beginning in fiscal year 2017, and in accordance with GASB 75, the City's net OPEB liability/asset is recorded on the face of the financial statements. The City elected to allocate the net OPEB liability/asset among governmental and business type activities based on measurement year contribution percentages. The City elected to absorb fund allocations of less than 1.25% of total contributions to Governmental activities. Detailed OPEB information is discussed in footnote 7.

#### L. 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.

#### M. 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.

N. 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.

O. Minimum Fund Balance Policy

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

P. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment capital assets consists of capital and lease assets net of accumulated depreciation and amortization 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.

Q. 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 assets 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 three 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 two are 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 assets 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 four types of items that qualify for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred pension, OPEB related items, and leases related deferrals are reported in the government-wide statement of net position and in fund level statements.

#### R. New Accounting Pronouncements

During fiscal year 2022, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

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. Adoption of this standard had no effect on beginning net position/fund balance as of October 1, 2021.

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. Adoption of this standard had no effect on beginning net position/fund balance as of October 1, 2021.

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). Adoption of this standard had no effect on beginning net position/fund balance as of October 1, 2021.

The City is in the process of reviewing possible impacts of GASB pronouncements which will become effective in future years, and notes the following statements are applicable to the City:

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* or their stated effective date:

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 practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

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

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

Statement No. 99, *Omnibus 2022*, which is effective for the City beginning in fiscal year 2023. This Statement provides guidance on requirements related to disclosures of nonmonetary transactions, pledges of future revenues, clarifications of certain elements of Statement 34, requirements related to leases, PPPs and SBITAs.

Statement No. 100, *Accounting Changes and Error Corrections*, is effective for the City beginning in fiscal year 2024. This statement was created to enhance the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability.

Statement No. 101, *Compensated Absences*, is effective for the City in fiscal year 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

## **II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Data**

The City Council adopts an annual legal budget, which covers the General Fund, the Debt Service Fund, the Enterprise Funds, and certain Special Revenue Funds (Park Performance, Convention and Event Services and Street Maintenance). All unencumbered appropriations lapse at fiscal year-end, except certain of those of the Special Revenue Funds. The budgets for the General Fund, the Debt Service Fund, and certain Special Revenue Funds are prepared on the modified accrual basis except for encumbrances which are treated as expenditures on the budgetary basis and interdepartmental expenses which are eliminated. The budgets for the Enterprise Funds are prepared on the modified accrual basis and include encumbrances, debt principal retirements and capital outlays as expenses. Additionally, the Enterprise Funds do not include depreciation as a budgetary expense. The schedules comparing budget and actual amounts for these governmental funds include adjustments to those budgetary basis for the differences noted above and for certain other revenue and expenditure items which are reported in the City's budget differently than they are reported for accounting principles generally accepted in the United States. Budgetary level of control is exercised at the fund level. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures of the General Fund, Debt Service Fund, and certain Special Revenue funds must be approved by the City Council. During Fiscal Year 2022, there was one budget amendment to increase appropriations in the Street Maintenance Fund by \$8,000,000 to provide additional resources for contracted street maintenance and repairs. The Fleet Services Fund had an increase in appropriations by \$1,000,000 for the purchase of replacement vehicles.

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	StreetCapital Projects Fund	Convention & Event Services	Disaster Assistance	Nonmajor Funds	Total
\$ 12,732	\$ 2,825	\$ 2,361	\$ 2,826	\$ 45,614	\$ 66,358

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

For the year ended September 30, 2022, 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, 2022.

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

#### **1. CASH, CASH EQUIVALENTS AND INVESTMENTS**

Deposits - At September 30, 2022, the carrying amount of the City's demand deposits was \$15,287,712 (bank balance, \$17,299,632). The balance in cash on hand was \$37,415 at year end.

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

Cash, Cash-like investments and investments include: (amounts in thousands) Governmental Activities \$503,314, Business-type Activities \$309,058, Custodial Funds \$2,816, Pension Trust Investment Funds \$4,184.

As of September 30, 2022, the city had the following investments (amounts in thousands):

Cash, Cash-Like Investments	Fair Value	Avg Maturity (in days)	Credit Risk
Treasury	\$23,885	695	AA+
Agency	\$563,834	506	AAA
Local Govt Inv Pools	\$131,025	1	AAA
Non-Texas Municipal	\$31,422	379	AA+
Money Market Fund	\$50,332	1	AAA
	<u>\$ 800,498</u>		

The City has investments in government pools as of September 30, 2022 totaling \$131,025 (amounts in thousands) which are recorded at amortized cost or net asset value (NAV).

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maximum maturity of any single investment and the weighted average maturity of combined investments by fund groups. The above table lists Local Gov't Investment Pools and Money Market Funds with a 1 day weighted average maturity as the City only invests in government pools and funds that maintain a stable \$1 NAV (net asset value). While the interest income derived from these particular types of investments fluctuate based on market movements and the characteristics of the pools and funds, the value of the principal is not affected.

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

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

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

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

Security	% of Portfolio
United States Treasury	100% of portfolio per Issuer
U.S. Agencies and Instrumentalities	100% of portfolio 35% per Issuer
Other Obligations guaranteed by U.S.	100% of portfolio 10% per Issuer
Obligations of Texas and its subdivisions	10% of portfolio 2% per Issuer
Obligations of other states and its subdivisions	10% of portfolio 2% per Issuer

Certificates of Deposit	50% of portfolio 20% per Issuer
Repurchase Agreements	40% of portfolio 15% per counterparty
Guaranteed Investment Contract	100% of bond funds
Commercial Paper	20% of portfolio 5% per Issuer
Money Market Mutual Fund	100% of portfolio 15% per MMF
Local Government Investment Pools	100% of portfolio 25% per pool

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

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

The City's investments in local government investment pools include investments in TexPool Prime, TexPool, TexasDaily, TexStar and 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 \$131,025 and Money Market Funds of \$50,332 (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, 2022 (amounts in thousands):

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets 9/30/2022	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>			
Treasury	23,885	-	23,885
Agency	563,834	-	563,834
Non-Texas Municipal	31,422	-	31,422
	<b>619,141</b>	<b>-</b>	<b>619,141</b>

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

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 FY22 was \$53,515,698,750 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, 2021 upon which the original FY22 levy was based, was \$31,664,722.

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, 2022, the City had a tax rate of \$0.6198 (\$0.4098 for general government and \$0.2100 for debt service) per \$100 assessed valuation with a tax margin of \$1.880 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 \$595,296,773 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately \$31,664,722.

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 cost of the stadium is \$1,109,951,954 with accumulated depreciation of \$312,582,199.54. The Stadium Lease is also within scope for implementation of GASB Statement No. 87, *Leases*, which is effective for the City beginning in fiscal year 2022. The application of GASB 87 to the City, and to this particular lease is further addressed in Note 1, Section J and also in Note 14.

**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, 2022, outstanding conduit debt was \$121,245,000.

**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 cost of the stadium is \$1,284,106,396 with accumulated depreciation of \$68,756,451.68.

**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 were issued. 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, 2022, outstanding conduit debt was \$313,739,000.

**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 as of September 30, 2022 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	Convention & Event Services	Other Nonmajor Governmen Funds	Internal Service Funds	Total
Receivables:									
Taxes	\$ 5,309	\$ 413	\$ -	\$ -	\$ -	\$ 1,135	\$ -	\$ -	\$ 6,857
Franchise Fees	6,453	-	-	-	-	-	-	-	6,453
Trade Accounts	-	-	1,389	12,762	-	-	-	-	14,151
Unbilled Trade Accounts	-	-	1,011	11,348	-	-	-	-	12,359
Special Assessments	-	-	-	-	122	-	-	-	122
Sales Taxes	16,481	8,195	-	-	-	-	4,097	-	28,773
Lease agreements	58,822	-	-	3,062	-	33,180	280	-	95,344
Accrued Interest	1,651	763	-	19	-	-	-	51	2,484
Other	5,407	-	-	4,079	-	116	1,109	239	10,950
Gross Receivables	94,123	9,371	2,400	31,270	122	34,431	5,486	290	177,493
Less: Allowance for									
Uncollectibles	(6,202)	-	(84)	(1,771)	-	-	-	-	(8,057)
Net total									
Receivables	\$ 87,921	\$ 9,371	\$ 2,316	\$ 29,499	\$ 122	\$ 34,431	\$ 5,486	\$ 290	\$ 169,436

## 5. CAPITAL AND LEASE ASSETS

Capital and lease asset activity for the year ended September 30, 2022 was as follows:

	(Amounts expressed in thousands)			
	Balance at Beginning Of Year*	Additions	Retirements	Balance at End Of Year
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 293,972	\$ 357	\$ -	\$ 294,329
Construction in progress-other	167,612	44,532	(109,376)	102,768
Total capital assets, not being depreciated	461,584	44,889	(109,376)	397,097
Capital and lease assets, being depreciated/amortized:				
Buildings and improvements	2,598,250	82,021	(549)	2,679,722
Equipment	139,414	9,710	(2,043)	147,081
Lease assets - equipment	3,338	656	-	3,994
Infrastructure	1,059,174	14,704	-	1,073,878
Total capital and lease assets, being depreciated/amortized	3,800,176	107,091	(2,592)	3,904,675
Less accumulated depreciation/amortization for:				
Buildings and improvements	513,514	60,870	(450)	573,934
Equipment	122,650	10,423	(2,043)	131,030
Lease assets - equipment	-	1,021	-	1,021
Infrastructure	748,372	20,021	-	768,393
Total accumulated depreciation/amortization	1,384,536	92,335	(2,493)	1,474,378
Total capital and lease assets, being depreciated/amortized, net	2,415,640	14,756	(99)	2,430,297
Governmental activities capital and lease assets, net	\$ 2,877,224	\$ 59,645	\$ (109,475)	\$ 2,827,394

\*As restated for GASB Statement No. 87 implementation

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 23,757	\$ -	\$ -	\$ 23,757
Construction in progress	139,482	75,722	(19,591)	195,613
Total capital assets, not being depreciated	163,239	75,722	(19,591)	219,370
Capital assets, being depreciated:				
Buildings and improvements	9,261	-	-	9,261
Drainage System	142,500	12,348	-	154,848
Water and sewer system	1,061,596	13,585	-	1,075,181
Machinery and equipment	13,288	-	(56)	13,232
Total capital assets, being depreciated	1,226,645	25,933	(56)	1,252,522
Less accumulated depreciation for:				
Buildings and improvements	2,030	185	-	2,215
Drainage System	52,042	3,065	-	55,107
Water and sewer system	391,302	20,745	-	412,047
Machinery and equipment	12,412	237	-	12,649
Total accumulated depreciation	457,786	24,232	-	482,018
Total capital assets, being depreciated/amortized, net	768,859	1,701	(56)	770,504
Business-type activities capital assets, net	\$ 932,098	\$ 77,423	\$ (19,647)	\$ 989,874

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

**Governmental activities:**

General government	\$ 54,843
Public safety	4,351
Parks and recreation	6,628
Public works	22,879
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,536
Total depreciation and amortization expense – governmental activities	<u>\$ 92,237</u>

**Business-type activities:**

Storm water utility	\$ 3,072
Water and sewer	21,160
Total depreciation expense – business-type activities	<u>\$ 24,232</u>

Discretely presented component units:

(Amounts expressed in thousands)				
	Balance at Beginning Of Year*	Transfers and Additions	Transfers and Retirements	Balance at End Of Year
<b>Arlington Housing Authority, Inc</b>				
Capital and lease assets, being depreciated/amortized:				
Buildings and Improvements	677	-	-	677
Lease Asset - Buildings	257	-	-	257
Machinery and equipment	382	61	-	443
Total capital and lease assets, being depreciated/amortized	1,059	61	-	1,377
Less accumulated depreciation/amortization for:				
Buildings, machinery, equipment	(807)	(79)	-	(886)
Total accumulated depreciation/amortization	(807)	(79)	-	(886)
Arlington Housing Authority, Inc.				
Capital Assets, net	\$ 252	\$ (18)	\$ -	\$ 491

\*As restated for GASB Statement No. 87 implementation

(Amounts expressed in thousands)				
	Balance at Beginning Of Year	Transfers and Additions	Transfers and Retirements	Balance at End Of Year
<b>Arlington Convention and Visitors Bureau, Inc.</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 1,850	3,343		\$ 5,193
Total capital assets, being depreciated	1,850	3,343	-	5,193
Less accumulated depreciation for:				
Machinery and equipment	(700)	(118)		(818)
Total accumulated depreciation	(700)	(118)	-	(818)
Arlington Convention and Visitors Bureau, Inc.				
Capital Assets, net	\$ 1,150	\$ 3,225	\$ -	\$ 4,375

## 6. PENSION AND EMPLOYEE RETIREMENT PLANS

### Texas Municipal Retirement System

#### A. Plan Description

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

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

#### B. Benefits Provided

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

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

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

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

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2,058
Inactive employees entitled to but not yet receiving benefits	1,351
Active Employees	<u>2,546</u>
	5,955

#### 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 17.01% and 10.36% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$23,896,550.

#### D. Net Pension Liability (Asset)

The City's Net Pension Liability (Asset) was measured as of December 31, 2021, and the Total Pension Liability (Asset) used to calculate the Net Pension Liability (Asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

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

Actuarial assumptions used in the December 31, 2021, 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 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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
<b>Total</b>	<b>100.0%</b>	

#### Discount Rate:

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

#### Changes in the Net Pension Liability (Asset)

Plan fiduciary net position as a percentage of the total pension liability	108.28%
Covered payroll	\$192,052,642
Net pension liability (asset) as a percentage of covered employee payroll	(62.23%)

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

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

	Discount Rate (5.75%)	Discount Rate (6.75%)	Discount Rate (7.75%)
City's net pension liability (asset)	\$80,436,272	(\$119,521,723)	(\$283,879,134)

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at [www.tmr.com](http://www.tmr.com)

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

For the year ended September 30, 2022, the City recognized pension expense of \$23,897.

At September 30, 2022, 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	\$ -	\$91,376,247
Changes of assumptions	1,640,145	-
Net difference between projected actual earnings on pension plan investments	14,238,788	-
Contributions subsequent to the measurement date	14,672,201	-
Total	\$30,551,134	\$91,376,247

\$14,672,201 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, 2023. 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:	
2023	\$ (9,748,596)
2024	(32,838,377)
2025	(16,646,891)
2026	(16,263,450)
2027	-
Thereafter	-
Total	\$ (75,497,314)

#### Part-Time, Seasonal and Temporary Employees Deferred Income Plan

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

#### **Plan Description**

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

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

**Contributions.** The Retirement Committee establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2022, 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, 2022, was \$154,186 and was equal to the required contributions.

At the June 30, 2022 valuation and measurement date, the following employees were covered by the terms:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	3,401
Active Employees	<u>678</u>
	4,110

#### **Net Pension Liability (Asset)**

The City's Net Pension Liability (Asset) was measured as of June 30, 2022 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

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

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

Discount Rate:

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



### Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Asset (a)-(b)
Balance at 10/01/2021	\$ 2,953,300	\$ 3,554,010	\$ (600,710)
Changes for the year:			
Service Cost	172,501	-	172,501
Interest	147,791	-	147,791
Change of benefit terms	-	-	-
Difference between expected and actual experience	(68,355)	-	(68,355)
Changes of assumptions	-	-	-
Contributions-employer	-	121,509	(121,509)
Contributions-employee	-	94,781	(94,781)
Net investment income	-	(391,970)	391,970
Benefit payments, including refunds			
of employee contributions	(167,480)	(167,480)	-
Administrative expense	-	(68,138)	68,138
Other changes	-	-	-
Net changes	84,457	(411,298)	495,755
<b>Balance at 09/30/22</b>	<b>\$ 3,037,757</b>	<b>\$ 3,142,712</b>	<b>\$ (104,955)</b>

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

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

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net pension asset	(\$168,418)	(\$104,955)	(\$332,208)

### Pension Plan Fiduciary Net Position

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

For the year ended September 30, 2022, the City recognized pension expense of \$12,000.

At September 30, 2022, 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	311,505	-
Contributions subsequent to the measurement date	19,000	-
Total	\$330,505	-

\$19,000 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, 2023. 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:	
2023	\$ 50,565
2024	63,715
2025	83,386
2026	113,839
2027	-
Thereafter	-
Total	\$ 311,505

### **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, 2022, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was \$254,316,000.

The City's total payroll during fiscal 2022 was \$205,563,000. The current year contribution was calculated based on a covered payroll of \$142,608,000, resulting in a required and actual employer contribution of \$3,896,000 and actual employee contributions of \$10,012,000. The employer contribution represents 2.88 percent of the covered payroll. The employee contribution represents approximately 8.81 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2022. There were no related-party transactions. The Thrift Plan does not issue separate stand-alone financial statements.

City contributions for the above plans for the year ended September 30, 2022, are as follows (amounts in thousands):

TMRS	\$20,250
THRIFT	4,103
PSTDIP	<u>95</u>
	<u>\$24,448</u>

## 7. OTHER EMPLOYEE AND POSTEMPLOYMENT BENEFITS

### Disability Income Plan

#### Plan Description

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

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

The Disability Income Plan does not issue separate GAAP financial reports. Its financial statements are presented below as of and for the year-ended September 30, 2022. (amounts in thousands):

#### STATEMENT OF FIDUCIARY NET POSITION

##### ASSETS

Cash and cash-like investments	-
Investments:	
U.S. Government securities	27
Corporate bonds	676
Fixed income mutual funds	226
Common stock mutual funds	<u>222</u>
Total investments	1,151
<b>Total Assets</b>	<u><b>1,151</b></u>

##### LIABILITIES

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

##### NET POSITION

Restricted for OPEB	<u>1,151</u>
<b>Total Net position</b>	<u><b>1,151</b></u>

#### Statement of Changes in Fiduciary Net Position

##### Additions

Employer contributions	\$ -
Employee contributions	106
Net appreciation in fair value of investments	-
Other additions	<u>(211)</u>
<b>Total Additions</b>	<u><b>(105)</b></u>

##### Deductions

Benefits	122
Plan administration	12
Other deductions	<u>-</u>
<b>Total Deductions</b>	<u><b>134</b></u>

<b>Increase in Net Position</b>	(239)
<b>Net Position, October 1</b>	<u>1,390</u>
<b>Net Position, September 30</b>	<u><b>\$ 1,151</b></u>

#### Benefits Provided

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

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

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

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

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

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

#### Contributions

The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City's contribution is determined through an actuarial valuation. For the year ended September 30, 2021, the City contributed \$105,519 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, 2021.

#### Actuarial assumptions:

The Total Disability Income Plan Liability in the December 31, 2021 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 offsets are assumed to increase by 1.38% per annum. The offsets are assumed to increase in January.
Commencement of Plan Benefits	Age 65 for participants on the LTD plan

### Changes in the Net Disability Income Plan Liability (Asset)

	Total OPEB Liability (a)	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at 10/01/2021	\$ 1,216,399	\$1,429,238	\$ (212,839)
Changes for the year:			
Service Cost	-	-	-
Interest on total OPEB liability	57,653	-	57,653
Change of benefit terms	-	-	-
Difference between expected and actual experience	(32,836)	-	(32,836)
Changes of assumptions or other inputs	-	-	-
Employer contributions	-	80,675	(80,675)
Net investment income	-	43,751	(43,751)
Benefit Payments	(126,683)	(126,683)	-
Administrative Expenses	-	(33,402)	33,402
Net changes	(101,866)	(35,659)	(66,207)
Balance at 9/30/22	1,114,533	1,393,579	(279,046)

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

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

	Discount Rate (4.00%)	Discount Rate (5.00%)	Discount Rate (6.00%)
City's net OPEB liability (asset)	(\$190,282)	(\$279,046)	(\$356,264)

At September 30, 2022, 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	83,758	-
Net difference between projected and actual earnings on OPEB plan investments	-	52,662
Total	\$83,758	\$ 52,662

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:	
2023	\$ (13,828)
2024	(31,481)
2025	(12,499)
2026	5,146
2027	-
Thereafter	-
Total	\$ (52,662)

### 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, 2021, there were 239 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, 2022 were \$5,768,000.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	885
Inactive employees entitled to but not yet receiving benefits	239
Active Employees	<u>2,412</u>
	3,536

#### Net OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2021.

#### Actuarial assumptions:

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	1.84%
Inflation	2.50% per year
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rate in the MP tables.
Health Care Trend Rates	Pre-65: Initial rate of 6.80% declining to an ultimate rate of 4.20% after 15 years; Post-65: Initial rate of 5.80% declining to an ultimate rate of 4.20% 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:

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;  
 85% for retirees that are eligible for a subsidy and retire after the age of 65;  
 20% for retirees that are not eligible for a subsidy from the City;  
 10% for retirees that are eligible for a subsidy and retire before the age of 50

Discount Rate:

The discount rate used to measure the Total OPEB Liability was changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. The discount rate was based on Fidelity index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

### Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 10/01/21	\$ 132,379,635
Changes for the year:	
Service Cost	3,256,735
Interest on total OPEB liability	2,619,684
Change of benefit terms	-
Difference between expected and actual experience	(2,275,506)
Changes of assumptions or other inputs	360,464
Benefit Payments	(6,047,590)
Net changes	(2,086,213)
Balance at 9/30/22	\$ 130,293,422

Covered-employee payroll \$192,052,642  
 Total OPEB liability as a percentage of covered payroll 67.84%

### 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 1.84%, 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 (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	Discount Rate (0.84%)	Discount Rate (1.84%)	Discount Rate (2.84%)
City's total OPEB liability	\$144,333,281	\$130,293,422	\$118,183,651



## 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	\$124,468,668	\$130,293,422	\$137,053,391

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	7,080,939	3,938,529
Changes of assumptions and other inputs	12,253,747	123,044
Benefit payments subsequent to the measurement date	2,812,753	-
Total	22,147,439	4,061,573

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:	
2023	\$ 3,412,750
2024	3,412,750
2025	2,655,757
2026	2,720,086
2027	2,235,448
Thereafter	(105,678)
Total	\$ 14,331,113

## Supplemental Death Benefits Plan

### Plan Description

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

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

#### Benefits Provided

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

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,639
Inactive employees entitled to but not yet receiving benefits	441
Active Employees	<u>2,546</u>
	4,626

#### Contributions

The total contribution rate is for .19% of employee gross earnings, with .11% of that rate being the retiree portion. The City's contributions to TMRS for the year ended September 30, 2022, were \$378,311.

#### Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2021.

#### Actuarial assumptions:

The Total OPEB Liability in the December 31, 2021 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	1.84%

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, 2021, 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 1.84%, down from 2.00% in the previous year. The discount rate was based on Fidelity index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

## Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Balance at 10/01/2021	\$ 12,197,852
Changes for the year:	
Service Cost	441,721
Interest on total OPEB liability	246,262
Change of benefit terms	-
Difference between expected and actual experience	(61,484)
Changes of assumptions or other inputs	413,423
Benefit Payments	(211,258)
Net changes	828,664
Balance at 9/30/22	\$ 13,026,516

Covered payroll \$192,052,642  
Total OPEB liability as a percentage of covered payroll 6.78%

## 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 1.84%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1%) or 1-percentage-point higher (3%) than the current rate:

	Discount Rate (.84%)	Discount Rate (1.84%)	Discount Rate (2.84%)
City's total OPEB liability	\$16,051,140	\$13,026,516	\$10,706,901

At September 30, 2022, 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	\$ (321,122)	\$ -
Changes of assumptions and other inputs	-	2,154,027
Benefits subsequent to the measurement date	-	274,112
Total	\$ (321,122)	\$ 2,428,139

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:	
2023	\$ 534,934
2024	445,181
2025	514,018
2026	291,278
2027	47,494
Thereafter	-
Total	\$ 1,832,905

#### Expenses (Reduction of Expenses)

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

HEALTH	9,289,169
DIP	(31,757)
Death Benefit	<u>1,238,077</u>
	<u>10,495,489</u>

## **8. DEBT AND LIABILITIES**

### General Obligation Bonds

On May 15, 2022, the City issued Permanent Improvement Bonds, Series 2022A of \$83,240,000 with an interest rate of 4.00 to 5.00 percent and serial maturities on August 15 from 2023 through 2042. Interest on the bonds is due every February 15 and August 15, beginning February 15, 2023. The bonds were issued 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; (v) designing, developing, constructing, equipping and furnishing an active adult recreation facility; and (vi) paying the costs of issuance of the 2022A Bonds. Total interest requirements for the Series 2022A bonds at a rate from 4.00 to 5.00 percent is \$39,469,751 in the aggregate.

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

Governmental activities	2.00-5.00%	\$ 302,535
Governmental activities - refunding	1.0-5.000%	<u>130,170</u>
Total Governmental		<u>\$ 432,705</u>

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

Year Ending September 30	Principal	Interest
2023	\$ 33,785	\$ 17,834
2024	32,700	15,586
2025	31,620	14,114
2026	31,700	12,663
2027	31,200	11,315
2028-2032	132,465	38,703
2033-2037	97,530	16,086
2038-2042	41,705	3,410
	<u>\$ 432,705</u>	<u>\$ 129,711</u>

General obligation debt authorized and unissued as of September 30, 2022, amounted to \$99,850,00

#### General Obligation Pension Bonds

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

Year Ending September 30	Principal	Interest
2023	\$ 9,005	\$ 2,352
2024	9,035	2,317
2025	9,090	2,262
2026	9,155	2,198
2027	9,245	2,109
2028-2032	48,060	8,709
2033-2037	52,365	4,408
2038-2042	11,115	239
	<u>\$ 157,070</u>	<u>\$ 24,594</u>

#### Certificates of Obligation

Annual debt service requirements to maturity for certificates of obligation of the primary government as of September 30, 2022 are as follows (amounts in thousands):

Year Ending September 30	Principal	Interest
2023	\$ 6,625	\$ 1,713
2024	6,720	1,505
2025	5,960	1,260
2026	5,975	1,087
2027	4,595	871
2028-2032	15,095	2,390
2033-2037	6,085	413
	<u>\$ 51,055</u>	<u>\$ 9,239</u>

## Revenue Bonds

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

On May 15, 2022, the City issued \$20,335,000 in Water and Wastewater System Revenue Bonds, Series 2022A. Proceeds from the sale of the Bonds are being used to provide funds for the purpose of improving and extending the System and paying the costs of issuing the Bonds. These bonds mature June 1 over a period from 2023 to 2042. Interest, at a rate of 4.00 to 5.00 percent, is \$9,490,327 in the aggregate.

On May 15, 2022, the City issued \$9,525,000 in Municipal Drainage Utility System Revenue Bonds, Series 2022. Proceeds from the sale of the Bonds will be used for the purpose of providing funds to pay the costs of drainage improvements, including the acquisition and construction of equipment and facilities for the System and to pay costs of issuance associated with the sale of the Bonds. These bonds mature June 1 over a period from 2023 to 2042. Interest, at a rate of 4.00 to 5.00 percent, is \$4,632,129 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
2023	\$ 17,975	\$ 8,408	\$ 6,270	\$ 366	\$ 3,935	\$ 1,843
2024	17,195	7,738	6,270	353	3,880	1,726
2025	16,370	7,040	6,270	337	3,830	1,602
2026	16,360	6,380	6,270	319	3,795	1,467
2027	16,365	5,655	6,270	299	3,765	1,337
2028-2032	68,030	18,904	29,900	1,141	17,160	4,709
2033-2037	53,195	7,351	26,935	558	12,235	2,182
2038-2042	18,120	1,235	8,390	51	6,460	484
	<u>\$ 223,610</u>	<u>\$ 62,711</u>	<u>\$ 96,575</u>	<u>\$ 3,424</u>	<u>\$ 55,060</u>	<u>\$ 15,350</u>

Net revenues of the City's water operations have been pledged for repayment of the City's Water & Wastewater 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, 2022, net pledged revenues for the water enterprise fund were \$101,923,000 and debt service on the revenue bonds was \$23,250,000.

Gross revenues of the City's storm water utility have been pledged for repayment of the City's Storm Water Utility 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 drainage improvements of the City's Storm Water infrastructure. The pledge continues for the life of the bonds. For the year ended September 30, 2022, gross pledged revenues for the City's Storm Water Utility were \$22,411,000 and debt service on the revenue bonds was \$3,490,000.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2022 (amounts expressed in thousands):

	<u>10/1/2021</u>	<u>Increases</u>	<u>Reductions</u>	<u>9/30/2022</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt	\$ 546,345	\$ 83,240	\$ (39,810)	\$ 589,775	\$ 42,790
Certificates of obligation	57,580	-	(6,525)	51,055	6,625
Special tax revenue debt	524,330	9,505	(4,815)	529,020	5,965
Premium on general bonds	31,283	6,824	(4,891)	33,216	-
Premium on special bonds	46,722	-	(3,345)	43,377	-
Discount on special bonds	(1,756)	-	(155)	(1,911)	-
Net governmental bonds payable	<u>1,204,504</u>	<u>99,569</u>	<u>(59,541)</u>	<u>1,244,532</u>	<u>55,380</u>
Compensated absences	42,689	791	(1,723)	41,757	1,490
Claims	10,119	6,321	(6,225)	10,215	3,768
Estimated pollution remediation	51	-	(37)	14	-
Net other post-employ benefit oblg.	<u>134,968</u>	<u>775</u>	<u>(2,017)</u>	<u>133,726</u>	<u>-</u>
Total governmental long-term liabilities	<u>\$ 1,392,331</u>	<u>\$ 107,456</u>	<u>\$ (69,543)</u>	<u>\$ 1,430,244</u>	<u>\$ 60,638</u>
Business-type activities:					
Water and sewer bonds	\$ 325,901	\$ 20,335	\$ (23,250)	\$ 322,986	\$ 24,245
Premium on water and sewer bonds	14,447	1,371	(1,802)	14,016	-
Storm water utility bonds	49,025	9,525	(3,490)	55,060	3,935
Premium/Discount on storm water utility bonds	<u>2,975</u>	<u>750</u>	<u>(918)</u>	<u>2,807</u>	<u>-</u>
Net water and sewer bonds payable	<u>392,348</u>	<u>31,981</u>	<u>(29,460)</u>	<u>394,869</u>	<u>28,180</u>
Compensated Absences	3,225	-	(642)	2,583	93
Net other post-employ benefit oblg.	9,398	-	(82)	9,316	-
Rebatable arbitrage payable	<u>187</u>	<u>-</u>	<u>(62)</u>	<u>125</u>	<u>-</u>
Total business-type long term liabilities	<u>\$ 405,158</u>	<u>\$ 31,981</u>	<u>\$ (30,246)</u>	<u>\$ 406,893</u>	<u>\$ 28,273</u>

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

## 9. PRIOR YEAR BOND REFUNDINGS

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, 2022, there were no outstanding bonds that had been defeased.

## 10. INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2022, is as follows (amounts in thousands):

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$8,365	\$ -
Nonmajor Funds	-	8,365
	<u>\$8,365</u>	<u>\$8,365</u>

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

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

	<u>Transfers Out</u>	<u>Transfers In</u>
Major Governmental Funds:		
General Fund	\$ 37,535	\$ 25,372
Street Capital Projects	3,250	-
Convention and Event Services	-	803
Debt Service Fund	-	1,368
Total Major Governmental Funds	40,785	27,543
Major Enterprise Fund-Water and Sewer	20,966	170
Major Enterprise Fund-Storm Water Utility	2,281	-
Other Funds:		
Nonmajor Governmental Funds	6,662	41,346
Internal Service Funds	-	1,635
Total All Funds	<u>\$70,694</u>	<u>\$70,694</u>

The Water and Sewer, Storm Water Utility, and Convention and Event Services transferred \$5,666,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred \$7,828,000 to Street Maintenance Fund and Special Transportation (Handitrans) to cover budgeted operating expenses.

The Enterprise Funds transferred \$15,977,000 to cover their budgeted operating costs.

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

## 11. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

State and federal laws and regulations require the City to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City historically reported 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.



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

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

## 12. COMMITMENTS AND CONTINGENCIES

### Trinity River Authority

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

### Grant Audits

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

### Construction Commitments

The City has various active construction projects as of September 30, 2022. The projects include construction in streets, parks, traffic, library, and water and sewer facilities. At year-end the City's significant commitments with contractors are as follows (amounts in thousands):

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street Construction	\$ 60,577	\$ 21,516
Park Construction	13,421	4,825
Traffic Construction	9,415	398
Library Construction	5,921	19
Storm Water Utility Construction	47,661	8,554
Water and Sewer Construction	147,952	46,989
	<u>\$ 284,947</u>	<u>\$ 82,301</u>

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

### Litigation

The City is currently involved in several lawsuits in which some liability is probable. The potential liability as of September 30, 2022, cannot be determined. Pursuant to the Texas Tort Claims Act, damages would be capped at \$250,000.

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

### **13. RISK MANAGEMENT**

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

#### Risk Management Fund (RMF)

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

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

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

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

#### Workers' Compensation

The City's workers' compensation plan provides City employees with workers' compensation coverage through the Workers' Compensation Fund (the "WCF"). Under this program, the WCF provides coverage for up to a maximum of \$750,000 per claim. The City purchases commercial insurance for claims in excess of coverage provided by the WCF. Over the past five years there have been three claims for which payments have been received totaling \$85,267.02 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 2022 and 2021 were as follows (amounts in thousands):

	Workers Compensation		Health		Self Insurance Risk Management	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Unpaid claims, Oct. 1	\$ 3,906	\$ 3,732	\$ 2,461	\$ 2,447	\$ 3,752	\$ 3,119
Incurred Claims (including IBNRs and changes in estimates)	433	1,966	29,390	33,312	2,709	2,295
Claim payments	(954)	(1,792)	(29,264)	(33,298)	(2,218)	(1,662)
Unpaid claims, Sept. 30	<u>\$ 3,385</u>	<u>\$ 3,906</u>	<u>\$ 2,587</u>	<u>\$ 2,461</u>	<u>\$ 4,243</u>	<u>\$ 3,752</u>

#### 14. LEASES

##### Lessor Agreements - Leases receivable

The City of Arlington is the Lessor related to Globe Life Field with Rangers Baseball, LLC. This lease was in existence as of the beginning of the fiscal year and has 29 years remaining on the contract. The City received combined annual payments of \$2,000,000. The City recognized net Lease and Interest Revenue of \$208,017 in the fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2022 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2022, the City's receivable for lease payments was \$51,514,113. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$51,182,560.

The City of Arlington is the Lessor related to Cowboy's Stadium with Cowboys Stadium, LP. This lease was in existence as of the beginning of the fiscal year and has 18 years remaining on the contract. The City received combined annual payments of \$2,000,000. The City recognized net Lease and Interest Revenue of \$331,553 in the fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2022 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2022, the City's receivable for lease payments was \$29,749,045. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$29,550,211.

The City of Arlington is the Lessor related to the Sheraton Hotel with Centrepark Hotel LTD. This is a ground lease and was in existence as of the beginning of the fiscal year and has 11 years remaining on the contract. The City received combined monthly payments of \$326,782. The City recognized net Lease and Interest Revenue of \$34,156 in the fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2022 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2022, the City's receivable for lease payments was \$4,256,157. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$4,226,601.

The City of Arlington is the Lessor related to the use of a Pump Station with Trinity River Authority. This lease began in March 2022 and has 20 years remaining on the contract. The City received combined monthly payments of \$176,928. The City recognized net Lease and Interest Revenue of \$1,624 in the fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2022 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2022, the City's receivable for lease payments was \$3,062,395. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$3,060,771.

The City of Arlington is the Lessor related to ground and parking leases located at 101 Center Drive with C-I Arlington City Center, LP. This lease was in existence as of the beginning of the fiscal year and has 17 years remaining on the contract. The City received combined monthly payments of \$69,655. The City recognized \$8,639 in net Lease and Interest Revenue during the current fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2022 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2022, the City's receivable for lease payments was \$2,920,295. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$2,912,752.

The City of Arlington is the Lessor related to Arlington Convention Center with Esports Venues, LLC. This lease began in January 2022 and has 8 years remaining on the contract. The City received combined monthly payments of \$250,000. The City recognized net Lease and Interest Revenue of \$16,670 in the fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2022 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2022, the City's receivable for lease payments was \$1,987,698. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$1,991,188.

The City of Arlington is the Lessor related to office and Lab space with Nanoscape Technologies, LLC. This lease was in existence as of the beginning of the fiscal year and has 8 years remaining on the contract. The City received combined monthly payments of \$10,876. The City recognized net Lease and Interest Revenue of \$25,216 in the fiscal year related to this lease. There were no inflows of resources recognized during the year ended September 30, 2022 for variable or other payments not previously included in the measurement of the lease receivable. As of September 30, 2022, the City's receivable for lease payments was \$279,844. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$254,628.

The City of Arlington is the Lessor related to a parking lease with Rangers Ballpark, LLC. This lease was in existence as of the beginning of the fiscal year and has 4 years remaining on the contract. The City received combined monthly payments of \$34,000. The City recognized net Lease and Interest Revenue of \$4,864 in the fiscal year related to this lease. As of September 30, 2022, the City's receivable for lease payments was \$131,800. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$134,266.

#### **Lessee agreements - Leases payable**

The City of Arlington is the lessee under a ten-year lease agreement with Arlington Independent School District for the use of their Natatorium. An initial lease liability was recorded in the amount of \$441,391 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$396,767. The City is required to make monthly principal and interest payments of \$4,167. The lease has an interest rate of 1.4%. The lease asset has a 10-year estimated useful life. The net carrying value of the lease asset as of the end of the current fiscal year was \$394,518 and had accumulated amortization of \$46,873.

The City of Arlington is the lessee under into a five-year lease agreement with RCI Westway for lease of office space at 5360 Beltway Place. An initial lease liability was recorded in the amount of \$338,497 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$280,294. The City is required to make monthly principal and interest payments of \$5,170. The lease has an interest rate of 1.4%. The equipment has a 5-year estimated useful life. The net carrying value of the lease asset as of the end of the current fiscal year was \$275,029 and had accumulated amortization of \$63,468.

The City of Arlington is the lessee under a five-year lease agreement with American Towers, LLC for the use of a Tower Facility at 6100 Willard Road. An initial lease liability was recorded in the amount of \$308,620 during the

current fiscal year. As of September 30, 2022, the value of the lease liability was \$250,961. The City is required to make monthly principal and interest payments of \$5,104. The lease has an interest rate of 1.4%. The facility has a 5-year estimated useful life. The net carrying value of the lease asset as of the end of the current fiscal year was \$245,850 and had accumulated amortization of \$62,770.

The City of Arlington is the lessee under a five-year lease agreement with H.A.M., Co. for the use of Radio Communications Equipment at 1511 Industrial Court. An initial lease liability was recorded in the amount of \$377,801 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$302,698. The City is required to make monthly principal and interest payments of \$6,622. The lease has an interest rate of 1.4%. The equipment has a 5-year estimated useful life. The net carrying value of the lease asset as of the end of the current fiscal year was \$300,960 and had accumulated amortization of \$76,841.

The City of Arlington is a lessee under a five-year lease agreement with Club Car, Inc. for the acquisition and use of 222 Electric Golf Carts and the associated Visage GPS software. An initial lease liability was recorded in the amount of \$1,009,092 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$772,757. The City is required to make monthly principal and interest payments of \$20,651. The lease has an interest rate of 1.4%. In addition, the City will purchase the equipment for \$333,000 at the end of the lease term. The equipment has a 3-year estimated useful life. The net carrying value of the lease asset as of the end of the current fiscal year was \$652,942 and had accumulated amortization of \$356,150.

During the current year, the City of Arlington entered into a two-year lease agreement with Dell Corporation for the use of personal computers. An initial lease liability was recorded in the amount of \$656,946 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$326,190. The City is required to make annual principal and interest payments of \$330,756. The lease has an interest rate of 1.4%. The equipment has a 2-year estimated useful life. The net carrying value of the lease asset as of the end of the current fiscal year was \$520,082 and had accumulated amortization of \$136,864.

The City of Arlington is the lessee under a five-year lease agreement with Oncor Electric Delivery for the use of parking at 2101 Arlington Downs. An initial lease liability was recorded in the amount of \$165,248.66 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$131,967. The City is required to make annual principal and interest payments of \$34,000. The lease has an interest rate of 1.4%. The lease asset has a 5-year estimated useful life. The net carrying value of the lease asset as of the end of the current fiscal year was \$134,265 and had accumulated amortization of \$30,984.

The City of Arlington is the lessee under a five-year lease agreement with Afallon Investments, Inc. for the use of parking at the Municipal Office Tower at 101 S. Mesquite. An initial lease liability was recorded in the amount of \$65,311 during the current fiscal year. As of September 30, 2022, the value of the lease liability was \$51,883. The City is required to make annual principal and interest payments of \$13,428. The lease has an interest rate of 1.4%. The right-to-use parking lot has a 5-year estimated useful life. The net carrying value of the lease asset as of the end of the current fiscal year was \$51,061 and had accumulated amortization of \$14,250.

The City of Arlington is the lessee under a three-year lease agreements with AT&T, New Cingular, Sprint and Verizon for wireless service agreements. Initial lease liabilities were recorded in a combined amount of \$631,494 during the current fiscal year. As of September 30, 2022, the value of the lease liabilities was \$407,907. The City is required to make monthly principal and interest payments of \$230,717. The lease has an interest rate of 1.4%. The right-to-use agreements have a 3-year estimated useful life. The net carrying value of the lease assets as of the end of the current fiscal year combined was \$398,940 and had accumulated amortization of \$232,555.

The future principal and interest lease payments as of September 30, 2022, were as follows:

<b>Fiscal Year Ending</b>				
<b>September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2023	1,160,923	33,823	1,194,746	
2024	1,001,949	19,530	1,021,479	
2025	301,353	9,289	310,642	
2026	297,107	5,119	302,226	
2027	70,177	2,718	72,895	
Thereafter	89,916	4,116	94,032	
	<u>2,921,425</u>	<u>74,595</u>	<u>2,996,020</u>	

The following is a summary of lease liability transactions of the City for the year ended September 30, 2022 (amounts expressed in thousands):

	Balance beginning of year*	Increases	Reductions	Balance at End of Year	Due Within One Year
Governmental activities:					
Leases payable	\$ 3,338	\$ 656	\$ (1,073)	\$ 2,921	\$ 1,160
Total governmental long-term liabilities	<u>\$ 3,338</u>	<u>\$ 656</u>	<u>\$ (1,073)</u>	<u>\$ 2,921</u>	<u>\$ 1,160</u>

\*As restated for GASB Statement No. 87 implementation

### **Excluded Leases – Regulated**

The Aviation Department does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. Regulated leases include the following:

#### **Airport Leases**

The Aviation Department has entered into lease agreements with various individuals and companies for the lease of various items which include buildings, hangar, terminal building leases, and tie-down. These contracts have various leases dates ranging from 1984 to 2052. The annual amount expected to be received from these various leases is \$958,000. The City recognized net Lease and Interest Revenue of \$911,000 in the fiscal year related to these leases.

#### **Fixed Based Operators**

The Aviation Department has entered into several contracts with Fixed Base Operators (FBO) for the lease of certain airport land and buildings. An FBO is a commercial enterprise that provides aeronautical services such as fueling, aircraft parking and storage to the general aviation community, and therefore is considered to be a regulated lease. The contracts have various start and end dates ranging from 2004 through 2034. The annual amount expected to be received from these various leases is \$152,000. The City recognized net Lease and Interest Revenue of \$347,000 in the fiscal year related to these leases.

## 15. 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, 2022, for all discretely presented component units is as follows (amounts in thousands):

<u>Condensed Schedule of Net Position</u>				
	<u>Arlington Tomorrow Foundation</u>	<u>Housing Authority</u>	<u>Other Discretely Presented Component Units</u>	<u>Total Discretely Presented Component Units</u>
Current and other assets	\$ 78,602	\$ 7,483	\$ 38,545	\$ 124,630
Capital assets	-	491	9,029	9,520
Total assets	<u>78,602</u>	<u>7,974</u>	<u>47,574</u>	<u>134,150</u>
Other liabilities and deferred inflows of resources	<u>3,456</u>	<u>1,405</u>	<u>5,255</u>	<u>10,116</u>
Total liabilities	<u>3,456</u>	<u>1,405</u>	<u>5,255</u>	<u>10,116</u>
Net position:				
Net investment in capital assets	-	318	5,871	6,189
Restricted	75,146	6,251	4,862	86,259
Unrestricted	-	-	31,587	31,587
Total net position	<u>\$ 75,146</u>	<u>\$ 6,569</u>	<u>\$ 42,320</u>	<u>\$ 124,035</u>
<u>Condensed Schedule of Activities</u>				
	<u>Arlington Tomorrow Foundation</u>	<u>Housing Authority</u>	<u>Other Discretely Presented Component Units</u>	<u>Total Discretely Presented Component Units</u>
Expenses	<u>\$ 8,688</u>	<u>\$ 39,912</u>	<u>\$ 10,541</u>	<u>\$ 59,141</u>
Program Revenues:				
Charges for services	-	40,924	33,496	74,420
Operating grants and contributions	-	-	3,753	3,753
Capital grants and contributions	-	-	-	-
Net Program (Expense) Revenue	<u>(8,688)</u>	<u>1,012</u>	<u>26,708</u>	<u>19,032</u>
Interest Revenues	2,219	-	151	2,370
Other NonTax General Revenues	<u>(11,256)</u>	<u>338</u>	<u>(423)</u>	<u>(11,341)</u>
Change in Net Position	<u>(17,725)</u>	<u>1,350</u>	<u>26,436</u>	<u>10,061</u>
Net position, October 1	<u>92,871</u>	<u>5,219</u>	<u>15,884</u>	<u>113,974</u>
Net position, September 30	<u>\$ 75,146</u>	<u>\$ 6,569</u>	<u>\$ 42,320</u>	<u>\$ 124,035</u>

## 16. TAX ABATEMENTS

As of September 30, 2022, 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 taxable value of the improvements. Property owners are required to pay 100% of the property tax on the base year value. The City may also rebate a portion of the sales, hotel occupancy, and mixed beverage taxes generated by a project. A portion of the City's local tax collections generated by the recipient's purchase or sale of taxable items associated with the project and consummated in the City may be rebated for a specified period. In exchange for the abatement/rebate, the recipient commits to comply with the terms of the agreement, such as project completion deadlines, capital investment, and minimum added value requirements. If the recipient fails to meet the improvement conditions, the agreement enters a breach status, and the City provides a 30-60-day cure period. If the recipient fails to cure the breach, the City may terminate the agreement and recapture any taxes abated/rebated per the terms of the agreement. As part of a tax abatement/rebate, the City may make other commitments to support development and redevelopment projects (e.g., development fee waivers, infrastructure improvements, etc.).

### Recruitment

The City offers recruitment tax abatement agreements to attract and incentivize new business to the City. Abatements may be granted to a company agreeing to relocate to the City or to establish new business in the City; the project must meet requirements of the Tax Code and the City's policy statements to be considered for an abatement. The City may grant tax abatements for recruitment if the City Council finds the abatement is in the public interest because it will facilitate one or more of the following objectives: (1) increase tax base, (2) provide quality employment, and (3) contribute to the diversity and quality of Arlington's business community. The value and duration of the tax abatement is determined by the degree to which the project meets the objectives of the



City's Economic Development Strategic Plan, number and types of jobs to be created, and sales taxes, hotel taxes or other incomes that would be generated. Additional levels of abatement are considered based upon the project's employment numbers, industry type, and wages. Applicants undergo the same application and evaluation process required for development/redevelopment abatements. The City abates up to 100% percent of the additional property taxes (*i.e.*, real estate, business personal property, or both) resulting from the increased taxable value 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/rebate. Additional incentives include development fee waivers, infrastructure improvements, and grants for hiring Arlington residents.

### Retention

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

### **Tax Abatement Program**

<b>Program</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Hotel Occupancy Tax</b>	<b>Mixed Beverage Taxes</b>	<b>Other Commitments</b>
Development/Redevelopment	\$ 821,918	\$ 271,004	\$ 1,485,938	\$ 347,669	\$ 1,145,322
Recruitment	1,027,426	11,197,787	-	-	155,733
Retention	4,449,033	-	-	-	25,801
<b>Total Tax Abated</b>	<b>\$ 6,298,377</b>	<b>\$ 11,468,791</b>	<b>\$ 1,485,938</b>	<b>\$ 347,669</b>	<b>\$ 1,326,856</b>

For the fiscal year ended September 30, 2022, the City's property tax revenues were reduced by \$6,298,377 under active tax abatement and Chapter 380 agreements for Development/Redevelopment, Recruitment, and Retention. Sales tax revenues were reduced by a total of \$11,468,791 for Development/Redevelopment and Recruitment abatements. Hotel occupancy tax revenues were reduced by \$1,485,938 and mixed beverage taxes were reduced by \$347,669 for Development/Redevelopment abatements. In addition to tax abatements/rebatements, recipients qualified for \$1,326,856 in other commitments from the City in the form of fee waivers and hiring grants.

As a result of the City's tax abatement/rebate program, the property tax base increased by more than \$1.6 billion with property value growth of more than 1,000% above the base year value. The projects receiving abatements/rebatements of the City's sales tax, hotel occupancy tax, and mixed beverage taxes generated more than \$28 million in local tax revenue, of which 47% was rebated.

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

## **17. 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, 2022, the environmental remediation liability is \$14,000.



**CITY OF ARLINGTON, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (BUDGETARY BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
<b>REVENUES</b>						
Taxes	\$ 190,468	\$ 190,468	\$ 201,083	\$ -	\$ 201,083	\$ 10,615
Licenses and permits	7,005	7,005	10,930	-	10,930	3,925
Utility franchise fees	36,808	36,808	23,193	10,652	33,845	(2,963)
Fines and forfeitures	8,370	8,370	6,726	-	6,726	(1,644)
Leases, rents and concessions	4,969	4,969	12,175	-	12,175	7,206
Service charges	16,988	16,988	9,734	5,423	15,157	(1,831)
Interest revenue	579	579	655	-	655	76
Other revenue	302	302	4,392	-	4,392	4,090
Net increase (decrease) in the fair value of investments	-	-	(2,241)	-	(2,241)	(2,241)
<b>Total Revenues</b>	<u>265,489</u>	<u>265,489</u>	<u>266,647</u>	<u>16,075</u>	<u>282,722</u>	<u>17,233</u>
<b>EXPENDITURES</b>						
Current-						
General government	67,329	67,329	61,945	(17,206)	44,739	22,590
Public safety	182,855	182,855	150,872	(13,729)	137,143	45,712
Public works	31,265	31,265	27,289	1,686	28,975	2,290
Public health	2,430	2,430	2,309	11	2,320	110
Parks and recreation	20,717	20,717	16,921	(3,506)	13,415	7,302
<b>Total Expenditures</b>	<u>304,596</u>	<u>304,596</u>	<u>259,336</u>	<u>(32,744)</u>	<u>226,592</u>	<u>78,004</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(39,107)</u>	<u>(39,107)</u>	<u>7,311</u>	<u>48,819</u>	<u>56,130</u>	<u>95,237</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	11,132	11,132	25,372	(28,766)	(3,394)	(14,527)
Transfers out	(8,187)	(8,187)	(37,535)	2,013	(35,522)	(27,335)
<b>Total Other Financing Sources (Uses)</b>	<u>2,945</u>	<u>2,945</u>	<u>(12,163)</u>	<u>(26,753)</u>	<u>(38,916)</u>	<u>(41,862)</u>
<b>Net Change In Fund Balances</b>	<u>(36,162)</u>	<u>(36,162)</u>	<u>(4,852)</u>	<u>22,066</u>	<u>17,214</u>	<u>53,375</u>
<b>Fund Balances, October 1</b>	<u>87,268</u>	<u>87,268</u>	<u>87,268</u>	<u>87,268</u>	<u>87,268</u>	<u>-</u>
<b>Fund Balances, September 30</b>	<u>\$ 51,106</u>	<u>\$ 51,106</u>	<u>\$ 82,416</u>	<u>\$ 109,334</u>	<u>\$ 104,482</u>	<u>\$ 53,375</u>

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

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

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

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 27,615,497	\$ 28,887,256	\$ 30,217,987	\$ 31,806,730	\$ 31,842,328
75,735,090	79,408,986	83,399,154	87,803,207	91,640,326
6,101,332	6,665,740	7,744,979	2,170,782	11,973,234
-	-	4,696,314	-	-
(56,616,054)	(54,703,360)	(58,324,155)	(64,890,993)	(66,080,292)
52,835,865	60,258,622	67,734,279	56,889,726	69,375,596
1,136,501,615	1,189,337,480	1,249,596,102	1,317,330,381	1,374,220,107
\$ 1,189,337,480	\$ 1,249,596,102	\$ 1,317,330,381	\$ 1,374,220,107	\$ 1,443,595,703

\$ 26,419,418	\$ 28,034,989	\$ 29,405,032	\$ 187,107,707	\$ 32,711,607
11,876,965	12,429,434	13,023,433	13,445,849	13,448,518
133,891,278	(32,369,787)	159,738,998	89,261,871	182,776,361
(56,616,054)	(54,703,360)	(58,324,155)	(64,890,993)	(66,080,292)
(694,027)	(625,874)	(903,100)	(577,979)	(845,110)
(35,172)	(32,699)	(27,128)	(22,550)	5,788
114,842,408	(47,267,297)	142,913,080	224,323,905	162,016,872
966,252,437	1,081,094,845	1,033,827,548	1,176,740,628	1,401,064,533
\$ 1,081,094,845	\$ 1,033,827,548	\$ 1,176,740,628	\$ 1,401,064,533	\$ 1,563,081,405

108,242,635	215,768,553	140,589,732	(26,844,447)	(119,521,723)
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90.90%	82.73%	89.33%	101.95%	108.28%
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169,628,359	177,549,206	185,842,479	192,069,624	192,052,642
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63.81%	121.53%	75.65%	-13.98%	-62.23%
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**CITY OF ARLINGTON, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS-TMRS**  
**LAST 10 FISCAL YEARS (will ultimately be displayed)**

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

**Notes to Schedule of Contributions**

**Valuation Date:**

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

**Methods and Assumptions Used to Determine Contribution Rates:**

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

**Other Information:**

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

2019	2020	2021	2022
\$ 29,093,440	\$ 29,866,086	\$ 31,360,302	\$ 23,896,550
\$ 29,102,133	\$ 30,010,778	\$ 31,713,751	\$ 20,249,587
\$ (8,693)	\$ (144,692)	\$ (353,449)	\$ 3,646,963
\$ 184,074,211	\$ 186,055,660	\$ 188,547,864	\$ 192,052,642
15.81%	16.13%	16.82%	10.54%



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

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

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	185,246	\$ 194,554	\$ 174,664	\$ 145,741	\$ 172,501
	131,661	134,220	141,268	149,886	147,791
	(114,652)	(47,470)	-	(199,230)	(68,355)
	-	-	-	-	-
	(173,000)	(138,464)	(122,330)	(135,887)	(167,480)
	29,255	142,840	193,602	(39,490)	84,457
	2,627,093	2,656,348	2,799,188	2,992,790	2,953,300
\$	2,656,348	\$ 2,799,188	\$ 2,992,790	\$ 2,953,300	3,037,757
\$	46,504	\$ 82,293	\$ 76,850	\$ 73,688	121,509
	100,133	109,711	98,126	81,877	94,781
	71,859	206,103	248,242	314,938	(391,970)
	(173,000)	(138,464)	(122,330)	(135,887)	(167,480)
	(64,053)	(79,339)	(57,037)	(49,162)	(68,138)
	-	-	24,800	-	-
	(18,557)	180,304	268,651	285,454	(411,298)
	2,838,158	2,819,601	2,999,905	3,268,556	3,554,010
\$	2,819,601	\$ 2,999,905	\$ 3,268,556	\$ 3,554,010	\$ 3,142,712
	(163,253)	(200,717)	(275,766)	(600,710)	(104,955)
	106.15%	107.20%	109.20%	120.30%	103.46%
	3,335,054	3,555,541	3,270,867	3,702,619	3,895,957
	4.90%	5.50%	8.40%	16.22%	2.69%

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

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

**Notes to Schedule**

Valuation date:

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

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

2019	2020	2021	2022
\$ 92,340	\$ 83,313	\$ 73,688	\$ 94,781
82,293	76,850	73,688	94,781
\$ 10,047	\$ 6,463	\$ -	\$ -
\$ 3,657,033	\$ 3,270,867	\$ 2,729,233	\$ 3,159,367
2.3%	2.3%	2.7%	3.0%

**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)**

<b>Fiscal year ending December 31,</b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b>Total OPEB liability</b>			
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)
<b>Net change in total OPEB liability</b>	<b>(51,026)</b>	<b>(11,283)</b>	<b>(139,962)</b>
Total OPEB liability-beginning	1,471,153	1,420,127	1,408,844
<b>Total OPEB liability-ending</b>	<b>\$ 1,420,127</b>	<b>\$ 1,408,844</b>	<b>\$ 1,268,882</b>
<b>Plan fiduciary net position</b>			
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	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>26,042</b>	<b>(75,685)</b>	<b>87,649</b>
Plan fiduciary net position - beginning	1,295,794	1,321,836	1,246,151
<b>Plan fiduciary net position - ending</b>	<b>\$ 1,321,836</b>	<b>\$ 1,246,151</b>	<b>\$ 1,333,800</b>
<b>Net OPEB liability (asset) - ending</b>	<b>\$ 98,291</b>	<b>\$ 162,693</b>	<b>\$ (64,918)</b>
 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.

<u>2020</u>	<u>2021</u>
\$ -	\$ -
60,415	57,653
-	-
42,447	(32,836)
(34,196)	-
(121,149)	(126,683)
(52,483)	(101,866)
1,268,882	1,216,399
<u>\$ 1,216,399</u>	<u>\$ 1,114,533</u>

\$ 74,524	\$ 80,675
-	-
-	-
153,452	43,751
(121,149)	(126,683)
(11,389)	(33,402)
-	-
95,438	(35,659)
1,333,800	1,429,238
<u>\$ 1,429,238</u>	<u>\$ 1,393,579</u>
<u>\$ (212,839)</u>	<u>\$ (279,046)</u>

117.50%	125.00%
N/A	N/A
N/A	N/A

**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)**

<b>FY Ending September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Annual Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2018	\$ 36,205	\$ 72,769	\$ (36,564)	N/A	N/A
2019	\$ 40,577	\$ 76,844	\$ (36,267)	N/A	N/A
2020	\$ 61,806	\$ 77,848	\$ (16,042)	N/A	N/A
2021	\$ -	\$ 76,654	\$ (76,654)	N/A	N/A
2022	\$ -	\$ 105,519	\$ (105,519)	N/A	N/A

**Notes to Schedule of Contributions**

**Valuation Date:** December 31, 2021

**Methods and Assumptions:**

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Dollar
Amortization Period	1 years remaining, as of the beginning of FYE 22
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 gender-distinct 2019 Municipal Retirees of Texas mortality tables were used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied to reflect impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements and are applied before the 3.5% and 3.0% minimum mortality floors are applied.
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):

<b>Fiscal year ending December 31,</b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b>Total OPEB liability</b>			
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 experience	-	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)
<b>Net change in total OPEB liability</b>	<b>5,821,488</b>	<b>(2,452,529)</b>	<b>3,924,619</b>
Total OPEB liability-beginning	108,336,234	114,157,722	111,705,193
<b>Total OPEB liability-ending</b>	<b>\$ 114,157,722</b>	<b>\$ 111,705,193</b>	<b>\$ 115,629,812</b>
 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 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021, and updates to the health care trend assumption.

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.

<u>2020</u>	<u>2021</u>
2,601,055	3,256,735
3,123,353	2,619,684
8,814,880	(2,275,506)
8,918,233	360,464
(6,707,698)	(6,047,590)
<u>16,749,823</u>	<u>(2,086,213)</u>
<u>115,629,812</u>	<u>132,379,635</u>
<u>\$ 132,379,635</u>	<u>130,293,422</u>
192,069,624	192,052,642
68.92%	67.84%

**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)**

<b>Fiscal year ending December 31,</b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b>Total OPEB liability</b>			
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)
<b>Net change in total OPEB liability</b>	<b>1,149,408</b>	<b>(243,074)</b>	<b>1,880,942</b>
Total pension liability-beginning	7,343,661	8,493,069	8,249,995
<b>Total OPEB liability-ending</b>	<b>\$ 8,493,069</b>	<b>\$ 8,249,995</b>	<b>\$ 10,130,937</b>
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	1.84%
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.

<u>2020</u>	<u>2021</u>
\$ 364,932	\$ 441,721
282,562	246,262
(181,851)	(61,484)
1,678,100	413,423
(76,828)	(211,258)
<u>2,066,915</u>	<u>828,664</u>
<u>10,130,937</u>	<u>12,197,852</u>
<u>\$ 12,197,852</u>	<u>\$ 13,026,516</u>

n/a	n/a
-----	-----

n/a	n/a
-----	-----



## **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.

**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, Court Technology Fund, Texas State Library, Gifts and Donations, Auto Theft Prevention, Historic Preservation, Tax Increment Reinvestment Zone #5, Juvenile Case Manager, Texas Parks and Wildlife, Viridian TIRZ #6, Downtown BID, Miscellaneous Grants, and Building Rehabilitation.

## **CAPITAL PROJECTS FUNDS**

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

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

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

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

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

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



CITY OF ARLINGTON, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
<b>ASSETS</b>					
Cash and cash-equivalents	\$ -	\$ 26,146	\$ 8,172	\$ 58	\$ -
Land held for resale	-	-	-	-	-
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	4,097	-	-	-
Lease	-	-	-	-	-
Other	-	-	-	-	-
Inventory, at cost	-	-	-	-	-
Due from other governments	2,087	-	-	118	2,404
<b>Total Assets</b>	<u>\$ 2,087</u>	<u>\$ 30,243</u>	<u>\$ 8,172</u>	<u>\$ 176</u>	<u>\$ 2,404</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 264	\$ 1,233	\$ -	\$ 23	\$ 1,037
Retainage payable	-	31	-	-	3
Unearned Revenue	-	-	-	-	1
Due to other funds	1,813	-	-	-	1,363
Due to other governments	-	-	-	-	-
<b>Total Liabilities</b>	<u>2,077</u>	<u>1,264</u>	<u>-</u>	<u>23</u>	<u>2,404</u>
<b>Deferred Inflows of Resources:</b>					
Leases	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Special revenue	10	28,979	8,172	153	-
Reserve for Authorized Expenditures	-	-	-	-	-
Committed to:					
Capital projects	-	-	-	-	-
Special revenue	-	-	-	-	-
Assigned to:					
Park Performance	-	-	-	-	-
Capital Projects	-	-	-	-	-
Special revenue	-	-	-	-	-
<b>Total Fund Balance</b>	<u>10</u>	<u>28,979</u>	<u>8,172</u>	<u>153</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 2,087</u>	<u>\$ 30,243</u>	<u>\$ 8,172</u>	<u>\$ 176</u>	<u>\$ 2,404</u>

Home Investment Partnership	FEMA	Gas Lease	Innovation and Venture Capital	Park Performance	Other Special Revenue	Municipal Office Facilities	Airport
\$ -	\$ -	\$ 14,688	\$ 30,653	\$ 2,465	\$ 22,204	\$ 1,836	\$ 1,821
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	280	-	-	-	-
-	-	45	-	344	720	-	-
-	-	-	-	214	-	-	-
1,096	3,855	-	-	-	4,283	-	-
<u>\$ 1,096</u>	<u>\$ 3,855</u>	<u>\$ 14,733</u>	<u>\$ 30,933</u>	<u>\$ 3,023</u>	<u>\$ 27,207</u>	<u>\$ 1,836</u>	<u>\$ 1,821</u>
\$ 378	\$ 192	\$ 129	\$ 1,682	\$ 988	\$ 1,786	\$ 87	\$ 24
28	-	-	-	-	14	-	-
-	79	-	-	293	1,335	-	-
690	3,528	-	-	-	971	-	-
-	-	-	-	-	-	-	-
<u>1,096</u>	<u>3,799</u>	<u>129</u>	<u>1,682</u>	<u>1,281</u>	<u>4,106</u>	<u>87</u>	<u>24</u>
-	-	-	255	-	-	-	-
-	-	-	<u>255</u>	-	-	-	-
-	-	-	-	214	-	-	-
-	-	-	-	-	-	-	1,797
-	-	-	28,996	-	13,506	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,749	-
-	56	14,604	-	-	8,631	-	-
-	-	-	-	1,528	-	-	-
-	-	-	-	-	13	-	-
-	-	-	-	-	951	-	-
<u>-</u>	<u>56</u>	<u>14,604</u>	<u>28,996</u>	<u>1,742</u>	<u>23,101</u>	<u>1,749</u>	<u>1,797</u>
<u>\$ 1,096</u>	<u>\$ 3,855</u>	<u>\$ 14,733</u>	<u>\$ 30,933</u>	<u>\$ 3,023</u>	<u>\$ 27,207</u>	<u>\$ 1,836</u>	<u>\$ 1,821</u>

CITY OF ARLINGTON, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and cash-equivalents	\$ 67,107	\$ 1,295	\$ 5,205	\$ 15,129	\$ 196,779
Land held for resale	-	-	-	7,653	7,653
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	-	-	-	4,097
Lease	-	-	-	-	280
Other	-	-	-	-	1,109
Inventory, at cost	-	-	-	-	214
Due from other governments	-	-	-	-	13,843
<b>Total Assets</b>	<u>\$ 67,107</u>	<u>\$ 1,295</u>	<u>\$ 5,205</u>	<u>\$ 22,782</u>	<u>\$ 223,975</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,236	\$ -	\$ 92	\$ 519	\$ 9,670
Retainage payable	-	-	-	-	76
Unearned Revenue	-	-	-	-	1,708
Due to other funds	-	-	-	-	8,365
Due to other governments	-	-	-	-	-
<b>Total Liabilities</b>	<u>1,236</u>	<u>-</u>	<u>92</u>	<u>519</u>	<u>19,819</u>
<b>Deferred Inflows of Resources:</b>					
Lease	-	-	-	-	255
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255</u>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	-	-	-	-	214
Restricted for:					
Capital projects	65,871	1,295	5,113	22,263	96,339
Special revenue	-	-	-	-	79,816
Reserve for Authorized Expenditures	-	-	-	-	-
Committed to:					
Capital projects	-	-	-	-	1,749
Special revenue	-	-	-	-	23,291
Assigned to:					
Park Performance	-	-	-	-	1,528
Capital Projects	-	-	-	-	13
Special revenue	-	-	-	-	951
<b>Total Fund Balance</b>	<u>65,871</u>	<u>1,295</u>	<u>5,113</u>	<u>22,263</u>	<u>203,901</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<u>\$ 67,107</u>	<u>\$ 1,295</u>	<u>\$ 5,205</u>	<u>\$ 22,782</u>	<u>\$ 223,975</u>



CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
<b>REVENUES</b>					
Taxes	\$ -	\$ 24,116	\$ 2,020	\$ -	\$ -
Leases, rents and concessions	-	-	-	-	-
Service charges	209	-	-	-	-
Intergovernmental	2,505	-	-	389	5,119
Interest revenue	-	-	-	-	-
Net increase (decrease) in the fair value of investments	-	(848)	(208)	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	2	1	-	-	-
<b>Total Revenues</b>	<u>2,716</u>	<u>23,269</u>	<u>1,812</u>	<u>389</u>	<u>5,119</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	692	-	-
Public safety	-	-	-	486	-
Public works	-	23,306	-	-	-
Public health	-	-	-	-	-
Public welfare	3,636	-	-	-	5,119
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>3,636</u>	<u>23,306</u>	<u>692</u>	<u>486</u>	<u>5,119</u>
<b>Net change in fund balances</b>	<u>(920)</u>	<u>(37)</u>	<u>1,120</u>	<u>(97)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	-	-
Bond premium	-	-	-	-	-
Amount to Fund Escrow	-	-	-	-	-
Transfers in	920	6,908	-	97	-
Transfers out	-	(829)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>920</u>	<u>6,079</u>	<u>-</u>	<u>97</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	-	6,042	1,120	-	-
<b>Fund Balance, October 1</b>	10	22,937	7,052	153	-
<b>Fund Balance, September 30</b>	<u>\$ 10</u>	<u>\$ 28,979</u>	<u>\$ 8,172</u>	<u>\$ 153</u>	<u>\$ -</u>

Special Revenue						Capital Projects	
Home Investment Partnership	FEMA	Gas Lease	Innovation and Venture Capital	Park Performance	Other Special Revenue	Municipal Office Facilities	Airport
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,721	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	14,684	4,303	-	-
862	3,079	-	-	-	28,339	-	-
-	-	94	121	16	53	15	(69)
-	-	(509)	(571)	-	-	(106)	10
-	-	-	-	700	-	-	-
-	-	9,253	-	-	-	-	-
-	-	2	-	-	-	-	-
-	-	-	989	271	1,854	-	-
862	3,079	8,840	539	15,671	47,270	(91)	(59)
-	3,173	-	-	-	2,096	1,790	-
-	-	-	-	-	1,975	-	-
-	-	-	-	-	16,874	-	-
-	-	-	-	-	841	-	-
862	-	194	10,472	-	23,679	-	-
-	-	-	-	15,829	26	-	-
-	-	-	-	-	4,255	-	-
-	-	-	-	-	-	-	116
862	3,173	194	10,472	15,829	49,746	1,790	116
-	(94)	8,646	(9,933)	(158)	(2,476)	(1,881)	(175)
-	-	-	-	-	-	1,515	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	85	-
-	-	-	20,525	624	5,121	-	401
-	-	(5,054)	-	-	(155)	-	-
-	-	(5,054)	20,525	624	4,966	1,600	401
-	(94)	3,592	10,592	466	2,490	(281)	226
-	150	11,012	18,404	1,276	20,611	2,030	1,571
\$ -	\$ 56	\$ 14,604	\$ 28,996	\$ 1,742	\$ 23,101	\$ 1,749	\$ 1,797

(continued)

CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects				
	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 38,857
Leases, rents and concessions	-	-	-	-	-
Service charges	3,374	-	-	-	22,570
Intergovernmental	-	-	-	-	40,293
Interest revenue	59	5	-	7	301
Net increase (decrease) in the fair value of investments	(1,952)	(12)	(164)	(310)	(4,670)
Contributions	650	-	-	-	1,350
Gas lease royalty	-	-	-	-	9,253
Gas lease other	-	-	-	-	2
Other	433	-	-	42	3,592
<b>Total Revenues</b>	<u>2,564</u>	<u>(7)</u>	<u>(164)</u>	<u>(261)</u>	<u>111,548</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	199	-	111	8,061
Public safety	-	-	-	34	2,495
Public works	-	-	-	-	40,180
Public health	-	-	-	-	841
Public welfare	-	-	-	-	43,962
Parks and recreation	-	-	-	-	15,855
Convention and event services	-	-	-	-	4,255
Capital outlay	3,589	-	1,134	3,754	8,593
<b>Total Expenditures</b>	<u>3,589</u>	<u>199</u>	<u>1,134</u>	<u>3,899</u>	<u>124,242</u>
Net change in fund balances	<u>(1,025)</u>	<u>(206)</u>	<u>(1,298)</u>	<u>(4,160)</u>	<u>(12,694)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	\$ 44,936	9,505	-	805	56,761
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of certificates of obligation	-	-	-	-	-
Bond premium	2,518	1,340	-	45	3,988
Amount to Fund Escrow	-	(9,765)	-	-	(9,765)
Transfers in	1,000	-	3,250	2,500	41,346
Transfers out	(624)	-	-	-	(6,662)
<b>Total Other Financing Sources (Uses)</b>	<u>47,830</u>	<u>1,080</u>	<u>3,250</u>	<u>3,350</u>	<u>85,668</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	46,805	874	1,952	(810)	72,974
<b>Fund Balance, October 1</b>	<u>19,066</u>	<u>421</u>	<u>3,161</u>	<u>23,073</u>	<u>130,927</u>
<b>Fund Balance, September 30</b>	<u>\$ 65,871</u>	<u>\$ 1,295</u>	<u>\$ 5,113</u>	<u>\$ 22,263</u>	<u>\$ 203,901</u>

**CITY OF ARLINGTON, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Adjustments to Budgetary Basis</b>	<b>Actual on Budgetary Basis</b>	<b>Final Budget- Positive (Negative)</b>
<b>REVENUES</b>						
Taxes	\$ 64,181	\$ 63,418	\$ 116,115	(52,900)	\$ 63,215	\$ (203)
Interest revenue	239	177	680	(212)	468	291
Net increase (decrease) in fair value of investments	-	-	(133)	-	(133)	(133)
Leases, rents and concessions	-	-	-	-	-	-
Other revenue	-	-	203	-	203	203
<b>Total Revenues</b>	<u>64,420</u>	<u>63,595</u>	<u>116,865</u>	<u>(53,112)</u>	<u>63,753</u>	<u>158</u>
<b>EXPENDITURES</b>						
Debt Service-						
Principal retirement	65,132	65,132	51,150	-	51,150	13,982
Redemption premium	-	-	-	-	-	-
Interest and fiscal charges	880	1,536	44,390	1,048	45,438	(43,902)
<b>Total Expenditures</b>	<u>66,012</u>	<u>66,668</u>	<u>95,540</u>	<u>1,048</u>	<u>96,588</u>	<u>(29,920)</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(1,592)</u>	<u>(3,073)</u>	<u>21,325</u>	<u>(54,160)</u>	<u>(32,835)</u>	<u>(29,762)</u>
<b>OTHER FINANCING SOURCES</b>						
Bond premium	-	-	426	-	426	426
Proceeds from bonds	819	800	-	-	-	(800)
Issuance of refunding bonds	-	-	-	-	-	-
Refunding bond principal	-	-	-	-	-	-
Amount used to fund escrow account	-	-	(881)	-	(881)	(881)
Transfers in	1,537	1,537	1,368	-	1,368	(169)
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>2,356</u>	<u>2,337</u>	<u>913</u>	<u>-</u>	<u>913</u>	<u>(1,424)</u>
<b>Net Change In Fund Balances</b>	<u>764</u>	<u>(736)</u>	<u>22,238</u>	<u>(54,160)</u>	<u>(31,922)</u>	<u>(31,186)</u>
<b>Fund Balances - Beginning</b>	<u>56,293</u>	<u>56,507</u>	<u>38,067</u>	<u>18,560</u>	<u>56,627</u>	<u>120</u>
<b>Fund Balances - Ending</b>	<u>\$ 57,057</u>	<u>\$ 55,771</u>	<u>\$ 60,305</u>	<u>\$ (35,600)</u>	<u>\$ 24,705</u>	<u>\$ (31,066)</u>



**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
STREET MAINTENANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
<b>REVENUES</b>						
Taxes	\$ 18,343	\$ 22,153	\$ 24,116	\$ -	\$ 24,116	\$ 1,963
Interest revenue	97	97	-	-	-	(97)
Net increase (decrease) in the fair value of investments	-	-	(848)	1,053	205	205
Other revenue	-	-	1	-	1	1
<b>Total Revenues</b>	<u>18,440</u>	<u>22,250</u>	<u>23,269</u>	<u>1,053</u>	<u>24,322</u>	<u>2,072</u>
<b>EXPENDITURES</b>						
Current-						
Public works	26,225	33,989	23,306	9,204	32,510	1,479
<b>Total Expenditures</b>	<u>26,225</u>	<u>33,989</u>	<u>23,306</u>	<u>9,204</u>	<u>32,510</u>	<u>1,479</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(7,785)</u>	<u>(11,739)</u>	<u>(37)</u>	<u>(8,151)</u>	<u>(8,188)</u>	<u>3,551</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	6,907	6,526	6,908	-	6,908	382
Transfers out	(182)	(1,558)	(829)	646	(183)	1,375
<b>Total Other Financing Sources</b>	<u>6,725</u>	<u>4,968</u>	<u>6,079</u>	<u>646</u>	<u>6,725</u>	<u>1,757</u>
<b>Net Change In Fund Balances</b>	<u>(1,060)</u>	<u>(6,771)</u>	<u>6,042</u>	<u>(7,505)</u>	<u>(1,463)</u>	<u>5,308</u>
<b>Fund Balances - Beginning</b>	<u>22,937</u>	<u>22,937</u>	<u>22,937</u>		<u>22,937</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 21,877</u>	<u>\$ 16,166</u>	<u>\$ 28,979</u>	<u>\$ (7,505)</u>	<u>\$ 21,474</u>	<u>\$ 5,308</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
PARK PERFORMANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>			<b>Variance with Final Budget- Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Adjustments to Budgetary Basis</b>	<b>Actual on Budgetary Basis</b>	
<b>REVENUES</b>						
Service charges	\$ 14,427	\$ 14,427	\$ 15,671	\$ -	\$ 15,671	\$ 1,244
Interest revenue	-	-	-	-	-	-
<b>Total Revenues</b>	<u>14,427</u>	<u>14,427</u>	<u>15,671</u>	<u>-</u>	<u>15,671</u>	<u>1,244</u>
<b>EXPENDITURES</b>						
Current-						
Parks and recreation	17,153	17,153	15,829	(19)	15,810	1,343
<b>Total Expenditures</b>	<u>17,153</u>	<u>17,153</u>	<u>15,829</u>	<u>(19)</u>	<u>15,810</u>	<u>1,343</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(2,726)</u>	<u>(2,726)</u>	<u>(158)</u>	<u>19</u>	<u>(139)</u>	<u>2,587</u>
<b>OTHER FINANCING USES</b>						
Transfers in	2,684	2,684	624	-	624	(2,060)
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Uses</b>	<u>2,684</u>	<u>2,684</u>	<u>624</u>	<u>-</u>	<u>624</u>	<u>(2,060)</u>
<b>Net Change In Fund Balances</b>	<u>(42)</u>	<u>(42)</u>	<u>466</u>	<u>19</u>	<u>485</u>	<u>527</u>
<b>Fund Balances - Beginning</b>	<u>1,276</u>	<u>1,276</u>	<u>1,276</u>	<u>-</u>	<u>1,276</u>	
<b>Fund Balances - Ending</b>	<u>\$ 1,234</u>	<u>\$ 1,234</u>	<u>\$ 1,742</u>	<u>\$ 19</u>	<u>\$ 1,761</u>	<u>\$ 527</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
CONVENTION AND EVENT SERVICES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
<b>REVENUES</b>						
Taxes	\$ 8,164	\$ 8,164	\$ 9,896	\$ -	\$ 9,896	\$ 1,732
Service charges	1,766	1,766	1,809	-	1,809	43
Stadium Rent/Naming Rights	2,500	2,500	3,076	-	3,076	576
Interest revenue	-	-	470	-	470	470
Net increase (decrease) in the fair value of investments	-	-	(74)	-	(74)	(74)
Other	-	-	(2)	-	(2)	(2)
<b>Total Revenues</b>	<u>12,430</u>	<u>12,430</u>	<u>15,175</u>	<u>-</u>	<u>15,175</u>	<u>2,745</u>
<b>EXPENDITURES</b>						
Current-						
Convention & event services	10,177	10,177	16,151	(4,152)	11,999	(1,822)
<b>Total Expenditures</b>	<u>10,177</u>	<u>10,177</u>	<u>16,151</u>	<u>(4,152)</u>	<u>11,999</u>	<u>(1,822)</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>2,253</u>	<u>2,253</u>	<u>(976)</u>	<u>4,152</u>	<u>3,176</u>	<u>923</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,114	3,114	803	-	803	(2,311)
Transfers out	(6,463)	(6,463)	-	(4,152)	(4,152)	2,311
<b>Total Other Financing Sources (Uses)</b>	<u>(3,349)</u>	<u>(3,349)</u>	<u>803</u>	<u>(4,152)</u>	<u>(3,349)</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<u>(1,096)</u>	<u>(1,096)</u>	<u>(173)</u>	<u>-</u>	<u>(173)</u>	<u>923</u>
<b>Fund Balances - Beginning</b>	<u>(919)</u>	<u>(919)</u>	<u>3,179</u>	<u>-</u>	<u>3,179</u>	<u>(4,098)</u>
<b>Fund Balances - Ending</b>	<u>\$ (2,015)</u>	<u>\$ (2,015)</u>	<u>\$ 3,006</u>	<u>\$ -</u>	<u>\$ 3,006</u>	<u>\$ 5,021</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
WATER AND SEWER FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
<b>REVENUES</b>						
Water sales	\$ 83,498	\$ 83,498	\$ 95,998	\$ (3,442)	\$ 92,556	\$ 9,058
Sewer service	76,920	76,920	81,667	(1,885)	79,782	2,862
Sundry	9,180	9,180	15,212	(819)	14,393	5,213
Total Operating Revenues	169,598	169,598	192,877	(6,146)	186,731	17,133
<b>EXPENDITURES</b>						
Purchases of water	\$ 25,983	\$ 25,983	\$ 20,305	\$ -	\$ 20,305	\$ 5,678
Purchase of sewage treatment	42,029	42,029	38,599	-	38,599	3,430
Salaries and wages	15,924	15,924	13,719	1,164	14,883	1,041
Employees' retirement	1,344	1,344	1,326	-	1,326	18
Operations and maintenance	15,185	15,185	18,596	(2,794)	15,802	(617)
Franchise fees	9,781	9,781	-	10,652	10,652	(871)
Payment in lieu of taxes	4,620	4,620	-	4,620	4,620	-
Depreciation	-	-	21,159	(21,159)	-	-
Miscellaneous services	1,148	1,148	1,418	-	1,418	(270)
Total Operating Expenses	116,014	116,014	115,122	(7,517)	107,605	8,409
Operating Income	53,584	53,584	77,755	1,371	79,126	25,542
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	811	811	3,009	-	3,009	2,198
Net increase (decrease) in the fair value of investments	-	-	(8,763)	8,763	-	-
Interest expense and fiscal charges	(32,521)	(32,521)	(7,250)	(25,210)	(32,460)	61
Total Nonoperating Revenues (Expenses)	(31,710)	(31,710)	(13,004)	(16,447)	(29,451)	2,259
Income (loss) before operating transfers and contributions	21,874	21,874	64,751	(15,076)	49,675	27,801
Contributions in aid of construction	-	-	6,342	-	6,342	(6,342)
Transfers out	-	-	(20,796)	9,635	(11,161)	(11,161)
Change in net position	21,874	21,874	50,297	(5,441)	44,856	22,982
Total net position-beginning	736,100	736,100	736,100	0	736,100	-
Total net position-ending	\$ 757,974	\$ 757,974	\$ 786,397	\$ (5,441)	\$ 780,956	\$ 22,982

**CITY OF ARLINGTON, TEXAS**  
**BUDGETARY COMPARISON SCHEDULE**  
**STORM WATER UTILITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUES						
Storm water fee- commercial	\$ 10,398	\$ 10,398	\$ 10,764	\$ (42)	\$ 10,722	\$ 324
Storm water fee- residential	11,491	11,491	11,308	34	11,342	(149)
Miscellaneous	121	121	-	871	871	750
Total Operating Revenues	22,010	22,010	22,072	863	22,935	925
EXPENDITURES						
Salaries and wages	\$ 3,098	\$ 3,098	\$ 2,772	\$ (174)	\$ 2,598	\$ 500
Employees' retirement	260	260	308	-	308	(48)
Supplies	92	92	-	7	7	85
Maintenance and repairs	361	361	1,072	9	1,081	(720)
Utilities	19	19	-	-	-	19
Depreciation	-	-	3,072	(3,072)	-	-
Miscellaneous services	1,657	1,657	441	12	453	1,204
Total Operating Expenses	5,487	5,487	7,665	(3,218)	4,447	1,040
Operating Income	16,523	16,523	14,407	4,081	18,488	1,965
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	-	-	339	(339)	-	-
Net increase (decrease) in the fair value of investments	-	-	(1,888)	1,888	-	-
Misc Rev/Exp	-	-	4,588	(4,588)	-	-
Interest expense and fiscal charges	(5,577)	(5,577)	(1,076)	(3,450)	(4,526)	(1,051)
Total Nonoperating Revenues (Expenses)	(5,577)	(5,577)	1,963	(6,489)	(4,526)	(1,051)
Income (loss) before operating transfers and contributions	10,946	10,946	16,370	(2,408)	13,962	3,016
Transfers in/out	(11,390)	(11,390)	(2,281)	(10,200)	(12,481)	(1,091)
Change in net position	(444)	(444)	14,089	(12,608)	1,481	1,925
Total net position-beginning	125,593	125,083	146,976	(9,201)	137,775	4,133
Total net position-ending	\$ 125,149	\$ 124,639	\$ 161,065	\$ (21,809)	\$ 139,256	\$ 6,058

## **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, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)

	<b>Fleet Services</b>	<b>Self Insurance Risk Management</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash-equivalent investments	\$ 4,078	\$ 8,773
Receivables (net of allowances for uncollectibles)		
Trade accounts	-	-
Accrued Interest	-	51
Other	2	103
Prepaid expenses	-	-
Inventory of supplies, at cost	-	-
<b>Total Current Assets</b>	<b>4,080</b>	<b>8,927</b>
<b>Noncurrent Assets:</b>		
<b>Capital Assets:</b>		
Buildings and improvements	467	-
Machinery and equipment	53,420	-
Less accumulated depreciation	(42,193)	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>11,694</b>	<b>-</b>
<b>Total Assets</b>	<b>15,774</b>	<b>8,927</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	1,012	-
Estimated claims payable	-	-
Due to other funds	-	-
<b>Total Current Liabilities</b>	<b>1,012</b>	<b>-</b>
<b>Noncurrent Liabilities:</b>		
Estimated claims payable	-	4,243
Accrued compensated absences	12	-
<b>Total Noncurrent Liabilities</b>	<b>12</b>	<b>4,243</b>
<b>Total Liabilities</b>	<b>1,024</b>	<b>4,243</b>
<b>NET POSITION</b>		
Net investment in capital assets	11,694	-
Unrestricted	3,056	4,684
<b>Total Net Position</b>	<b>\$ 14,750</b>	<b>\$ 4,684</b>

<u>Workers Compensation</u>	<u>Group Health</u>	<u>Total</u>
\$ 4,142	\$ 7,852	\$ 24,845
-	-	-
-	-	51
134	-	239
-	-	-
-	-	-
<u>4,276</u>	<u>7,852</u>	<u>25,135</u>
-	-	467
-	-	53,420
-	-	(42,193)
-	-	11,694
<u>4,276</u>	<u>7,852</u>	<u>36,829</u>
5	485	1,502
1,181	2,587	3,768
-	-	-
<u>1,186</u>	<u>3,072</u>	<u>5,270</u>
2,204	-	6,447
-	-	12
<u>2,204</u>	<u>-</u>	<u>6,459</u>
<u>3,390</u>	<u>3,072</u>	<u>11,729</u>
-	-	11,694
886	4,780	13,406
<u>\$ 886</u>	<u>\$ 4,780</u>	<u>\$ 25,100</u>



**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Fleet Services</b>	<b>Self Insurance Risk Management</b>
<b>OPERATING REVENUES:</b>		
Service charges	\$ 7,440	\$ 14
<b>Total Operating Revenues</b>	<u>7,440</u>	<u>14</u>
<b>OPERATING EXPENSES:</b>		
Salaries and wages	94	-
Benefits	22	-
Supplies	2,437	-
Maintenance and repairs	(4)	-
Utilities	54	-
Claims (net of adjustments)	-	2,218
Legal and professional	-	9
Depreciation	3,536	-
Miscellaneous services	4,265	-
<b>Total Operating Expenses</b>	<u>10,404</u>	<u>2,227</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(2,964)</u>	<u>(2,213)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Interest revenue	-	-
Miscellaneous revenue	-	-
Net increase (decrease) in the fair value of investments	-	(407)
Gain (Loss) on sale of assets	425	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>425</u>	<u>(407)</u>
<b>Income (Loss) Before Transfers</b>	(2,539)	(2,620)
<b>Transfers In</b>	1,635	-
<b>Transfers Out</b>	-	-
<b>Change In Net Position</b>	<u>(904)</u>	<u>(2,620)</u>
<b>Total Net Position, October 1</b>	15,654	7,304
<b>Total Net Position, September 30</b>	<u>\$ 14,750</u>	<u>\$ 4,684</u>

<b>Workers Compensation</b>	<b>Group Health</b>	<b>Total</b>
\$ 1,771	\$ 31,665	\$ 40,890
<u>1,771</u>	<u>31,665</u>	<u>40,890</u>
-	-	94
-	-	22
-	-	2,437
-	-	(4)
-	-	54
954	29,264	32,436
281	-	290
-	-	3,536
-	-	4,265
<u>1,235</u>	<u>29,264</u>	<u>43,130</u>
<u>536</u>	<u>2,401</u>	<u>(2,240)</u>
(93)	-	(93)
-	-	-
-	-	(407)
-	-	425
<u>(93)</u>	<u>-</u>	<u>(75)</u>
443	2,401	(2,315)
-	-	1,635
-	-	-
<u>443</u>	<u>2,401</u>	<u>(680)</u>
443	2,379	25,780
<u>\$ 886</u>	<u>\$ 4,780</u>	<u>\$ 25,100</u>

CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)

	<b>Fleet Services</b>	<b>Risk Management</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 7,785	\$ 17
Cash payments to suppliers	(7,057)	(1,736)
Cash payments to employees	(116)	-
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>612</u>	<u>(1,719)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	1,635	-
Transfers out	-	-
<b>Net Cash Provided By Noncapital Financing Activities</b>	<u>1,635</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(2,863)	-
Proceeds from sales of capital assets	425	-
<b>Net Cash Used For Capital and Related Financing Activities</b>	<u>(2,438)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from interest earnings	-	11
Net increase (decrease) in the fair value of investments	-	(407)
<b>Net Cash Provided By Investing Activities</b>	<u>-</u>	<u>(396)</u>
<b>Net decrease in cash and cash equivalents</b>	(191)	(2,115)
<b>Cash and cash-equivalent investments at October 1</b>	4,269	10,888
<b>Cash and cash-equivalent investments at September 30</b>	<u>\$ 4,078</u>	<u>\$ 8,773</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>		
<b>Operating Income (Loss)</b>	<u>\$ (2,964)</u>	<u>\$ (2,213)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	3,536	-
(Increase) decrease in-		
Inventory of supplies	-	-
Accounts receivable	345	3
Prepaid expenses	-	-
Increase (decrease) in-		
Accounts payable and accrued liabilities	(305)	-
Estimated claims payable	-	491
Accrued compensated absences	-	-
Total adjustments	<u>3,576</u>	<u>494</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>\$ 612</u>	<u>\$ (1,719)</u>

<u>Workers'</u> <u>Compensation</u>	<u>Group</u> <u>Health</u>	<u>Totals</u>
\$ 1,711	31,665	\$ 41,178
(1,761)	(28,965)	(39,519)
-	-	(116)
(50)	2,700	1,543
-	-	1,635
-	-	-
-	-	1,635
-	-	(2,863)
-	-	425
-	-	(2,438)
(93)	-	(82)
-	-	(407)
(93)	-	(489)
(143)	2,700	251
4,285	5,152	24,594
\$ 4,142	\$ 7,852	\$ 24,845
\$ 536	\$ 2,401	\$ (2,240)
-	-	3,536
-	-	-
(60)	-	288
-	-	-
(5)	173	(137)
(521)	126	96
-	-	-
(586)	299	3,783
\$ (50)	\$ 2,700	\$ 1,543



## **FIDUCIARY FUNDS**

### **PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS:**

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

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

### **CUSTODIAL FUNDS:**

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

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF PENSION AND OTHER EMPLOYEE**  
**BENEFIT TRUST FUNDS NET POSITION**  
**FIDUCIARY FUNDS**  
**AS OF SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

<b>Pension and Other Employee Benefit Trust Funds</b>			
	<b>Part-Time Deferred Income Trust</b>	<b>Disability Income Plan</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash-equivalent investments	\$ -	\$ -	\$ -
Investments:			
Money market fund	108	27	135
Corporate bonds	1,850	676	2,526
Fixed income mutual funds	589	226	815
Common stock mutual funds	486	222	708
Total investments	3,033	1,151	4,184
<b>Total Assets</b>	<b>\$ 3,033</b>	<b>\$ 1,151</b>	<b>\$ 4,184</b>
<b>LIABILITIES</b>			
Payables	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>			
Restricted for pensions	3,033	-	3,033
Restricted for OPEB	-	1,151	1,151
<b>Total Net Position</b>	<b>\$ 3,033</b>	<b>\$ 1,151</b>	<b>\$ 4,184</b>

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF CUSTODIAL FUNDS**  
**FIDUCIARY FUNDS**  
**AS OF SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Escrow Fund</u>
<b>ASSETS</b>	
Cash and cash-equivalent investments	\$ 2,816
<b>Total Assets</b>	<u>\$ 2,816</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ -
<b>Total Liabilities</b>	<u>\$ -</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations, other governments	<u>\$ 2,816</u>



**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**EMPLOYEE BENEFIT TRUST FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Pension and Other Employee Benefit Trust Funds		
	Part-Time Deferred Income Trust	Disability Income Plan	Total
<b>ADDITIONS</b>			
Employer contributions	\$ 154	\$ 106	\$ 260
Employee contributions	74	-	74
Net appreciation in fair value of investments	(527)	-	(527)
Other additions	-	(211)	(211)
<b>Total Additions</b>	<b>(299)</b>	<b>(105)</b>	<b>(404)</b>
<b>DEDUCTIONS</b>			
Benefits	94	122	216
Plan administration	68	12	80
Other deductions	-	-	-
<b>Total Deductions</b>	<b>162</b>	<b>134</b>	<b>296</b>
<b>Increase in Net Position</b>	<b>(461)</b>	<b>(239)</b>	<b>(700)</b>
<b>Net Position, October 1</b>	<b>3,494</b>	<b>1,390</b>	<b>4,884</b>
<b>Net Position, September 30</b>	<b>\$ 3,033</b>	<b>\$ 1,151</b>	<b>\$ 4,184</b>

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (continued)**  
**FIDUCIARY FUNDS - CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Fiduciary Funds - Custodial Funds</b>
	<b>Escrow Fund</b>
<b>ADDITIONS</b>	
Employer contributions	\$ -
Employee contributions	-
Net appreciation in fair value of investments	-
Other additions	18,018
Seizures	65
<b>Total Additions</b>	<b>18,083</b>
<b>DEDUCTIONS</b>	
Benefits	-
Plan administration	-
Other deductions	17,742
<b>Total Deductions</b>	<b>17,742</b>
<b>Increase in Net Position</b>	<b>341</b>
<b>Net Position, October 1</b>	<b>2,475</b>
<b>Net Position, September 30</b>	<b>\$ 2,816</b>



## **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.

**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, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Arlington Housing Authority</b>	<b>Arlington Convention &amp; Visitors Bureau</b>	<b>Arlington Tomorrow Foundation</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash-equivalent investments	\$ 5,516	\$ 1,591	\$ 12,138
Investments	1,237	-	66,339
Receivables (net of allowances for uncollectibles):			
Accrued interest	-	-	125
Taxes	-	-	-
Other	726	121	-
Prepaid expenses	4	18	-
<b>Total Current Assets</b>	<u>7,483</u>	<u>1,730</u>	<u>78,602</u>
<b>Non-Current Assets:</b>			
Capital Assets-			
Land	-	-	-
Buildings and improvements	934	-	-
Machinery and equipment	443	5,193	-
Accumulated depreciation	(886)	(818)	-
<b>Total Non-Current Assets</b>	<u>491</u>	<u>4,375</u>	<u>-</u>
<b>Total Assets</b>	<u>7,974</u>	<u>6,105</u>	<u>78,602</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,261	701	3,456
Unearned revenue	144	-	-
<b>Total Liabilities</b>	<u>1,405</u>	<u>701</u>	<u>3,456</u>
<b>NET POSITION</b>			
Net investment in capital assets	318	4,375	-
Restricted for endowments	844	-	75,146
Restricted for housing assistance	5,407	-	-
Restricted for expendable for operations	-	-	-
Unrestricted	-	1,029	-
<b>Total Net Position</b>	<u>\$ 6,569</u>	<u>\$ 5,404</u>	<u>\$ 75,146</u>

<u>Arlington Housing Finance Corporation</u>	<u>Arlington Tourism Public Improvement District</u>	<u>Arlington Convention Center Development Corporation</u>	<u>Arlington Economic Development Corporation</u>	<u>Total</u>
\$ 1,307	\$ 1,523	\$ -	\$ 30,173	\$ 52,248
-	-	-	(877)	\$ 66,699
-	-	-	-	125
-	-	-	4,097	4,097
-	540	41	-	1,428
-	12	-	-	34
<u>1,307</u>	<u>2,075</u>	<u>41</u>	<u>33,393</u>	<u>124,631</u>
4,654	-	-	-	4,654
-	-	-	-	934
-	-	-	-	5,636
-	-	-	-	(1,704)
<u>4,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,520</u>
<u>5,961</u>	<u>2,075</u>	<u>41</u>	<u>33,393</u>	<u>134,151</u>
-	29	20	40	5,507
<u>4,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,609</u>
<u>4,465</u>	<u>29</u>	<u>20</u>	<u>40</u>	<u>10,116</u>
1,496	-	-	-	6,189
-	-	-	-	75,990
-	-	-	-	5,407
-	-	-	4,862	4,862
	<u>2,046</u>	<u>21</u>	<u>28,491</u>	<u>31,587</u>
<u>\$ 1,496</u>	<u>\$ 2,046</u>	<u>\$ 21</u>	<u>\$ 33,353</u>	<u>\$ 124,035</u>

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**AS OF SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Arlington Housing Authority</b>	<b>Arlington Convention &amp; Visitors Bureau</b>	<b>Arlington Tomorrow Foundation</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash-equivalent investments	\$ 5,516	\$ 1,591	\$ 12,138
Investments	1,237	-	66,339
Receivables (net of allowances for uncollectibles):			
Accrued interest	-	-	125
Taxes	-	-	-
Other	726	121	-
Prepaid expenses	4	18	-
<b>Total Current Assets</b>	<u>7,483</u>	<u>1,730</u>	<u>78,602</u>
<b>Non-Current Assets:</b>			
Capital Assets-			
Land	-	-	-
Buildings and improvements	934	-	-
Machinery and equipment	443	5,193	-
Accumulated depreciation	(886)	(818)	-
<b>Total Non-Current Assets</b>	<u>491</u>	<u>4,375</u>	<u>-</u>
<b>Total Assets</b>	<u>7,974</u>	<u>6,105</u>	<u>78,602</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	1,261	701	3,456
Unearned revenue	144	-	-
<b>Total Liabilities</b>	<u>1,405</u>	<u>701</u>	<u>3,456</u>
<b>NET POSITION</b>			
Net investment in capital assets	318	4,375	-
Restricted for endowments	844	-	75,146
Restricted for housing assistance	5,407	-	-
Restricted for expendable for operations	-	-	-
Unrestricted	-	1,029	-
<b>Total Net Position</b>	<u>\$ 6,569</u>	<u>\$ 5,404</u>	<u>\$ 75,146</u>

<u>Arlington Housing Finance Corporation</u>	<u>Arlington Tourism Public Improvement District</u>	<u>Arlington Convention Center Development Corporation</u>	<u>Arlington Economic Development Corporation</u>	<u>Total</u>
\$ 1,307	\$ 1,523	\$ -	\$ 30,173	\$ 52,248
-	-	-	(877)	\$ 66,699
-	-	-	-	125
-	-	-	4,097	4,097
-	540	41	-	1,428
-	12	-	-	34
<u>1,307</u>	<u>2,075</u>	<u>41</u>	<u>33,393</u>	<u>124,631</u>
4,654	-	-	-	4,654
-	-	-	-	934
-	-	-	-	5,636
-	-	-	-	(1,704)
<u>4,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,520</u>
<u>5,961</u>	<u>2,075</u>	<u>41</u>	<u>33,393</u>	<u>134,151</u>
-	29	20	40	5,507
<u>4,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,609</u>
<u>4,465</u>	<u>29</u>	<u>20</u>	<u>40</u>	<u>10,116</u>
1,496	-	-	-	6,189
-	-	-	-	75,990
-	-	-	-	5,407
-	-	-	4,862	4,862
<u>2,046</u>	<u>21</u>	<u>28,491</u>	<u>31,587</u>	
<u>\$ 1,496</u>	<u>\$ 2,046</u>	<u>\$ 21</u>	<u>\$ 33,353</u>	<u>\$ 124,035</u>





**CITY OF ARLINGTON, TEXAS**  
**CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES**  
**AS OF SEPTEMBER 30, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 294,329
Buildings	2,453,666
Improvements other than buildings	224,931
Machinery and equipment	95,384
Construction-in-progress	102,768
Infrastructure	<u>1,073,878</u>
<b>Total Governmental Funds Capital Assets</b>	<b><u>\$ 4,244,956</u></b>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:**

General Fund	\$ 3,068,310
Capital Projects Fund	<u>1,176,646</u>
<b>Total Governmental Funds Capital Assets</b>	<b><u>\$ 4,244,956</u></b>

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

Generally, the capital assets of internal service funds are included as governmental activities 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, 2022  
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
<b>Administration:</b>					
Technology services	\$ 14,279	\$ -	\$ -	\$ -	\$ 14,279
Tax	6	-	-	-	6
City administration	2,552,015	176,000	2,293,814	72,644	9,557
Convention center	537	-	-	-	537
<b>Total Administration</b>	<b>2,566,837</b>	<b>176,000</b>	<b>2,293,814</b>	<b>72,644</b>	<b>24,379</b>
<b>Operations:</b>					
Fire	47,987	(208)	17,013	-	31,182
Municipal court	2,051	-	642	-	1,409
Police	43,187	654	21,490	79	20,964
Parks and recreation	317,562	82,355	98,388	131,812	5,007
Communication services	88	-	-	-	88
Airport	47,361	6,132	22,030	18,993	206
<b>Total Operations</b>	<b>458,236</b>	<b>88,933</b>	<b>159,563</b>	<b>150,884</b>	<b>58,856</b>
<b>Development:</b>					
Community development	2,525	-	289	1,047	1,189
Engineering services	137	-	-	-	137
Transportation	40,575	29,396	-	356	10,823
<b>Total Development</b>	<b>43,237</b>	<b>29,396</b>	<b>289</b>	<b>1,403</b>	<b>12,149</b>
<b>Total Capital Assets Allocated to Functions</b>	<b>3,068,310</b>	<b>294,329</b>	<b>2,453,666</b>	<b>224,931</b>	<b>95,384</b>
<b>Infrastructure</b>	<b>1,073,878</b>				
<b>Construction in Progress</b>	<b>102,768</b>				
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 4,244,956</b>				

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

Generally, the capital assets of internal service funds are included as governmental activities 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, 2022**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Governmental Funds</b>			<b>Governmental Funds</b>
	<b>Assets</b>			<b>Assets</b>
<b>Function and Activity</b>	<b>October 1, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>September 30, 2022</b>
<b>Administration:</b>				
Technology services	\$ 14,279	\$ -	\$ -	\$ 14,279
Tax	6	-	-	6
City administration	2,552,015	-	-	2,552,015
Convention center	537	-	-	537
<b>Total Administration</b>	<u>2,566,837</u>	<u>-</u>	<u>-</u>	<u>2,566,837</u>
<b>OPERATIONS:</b>				
Fire	43,209	4,839	(61)	47,987
Municipal court	2,051	-	-	2,051
Police	42,009	1,178	-	43,187
Parks and recreation	236,163	81,399	-	317,562
Communication services	88	-	-	88
Airport	47,270	91	-	47,361
<b>Total Operations</b>	<u>370,790</u>	<u>87,507</u>	<u>(61)</u>	<u>458,236</u>
<b>DEVELOPMENT:</b>				
Community development	1,484	1,041	-	2,525
Engineering services	137	-	-	137
Transportation	39,965	678	(68)	40,575
<b>Total Development</b>	<u>41,586</u>	<u>1,719</u>	<u>(68)</u>	<u>43,237</u>
<b>Infrastructure</b>	<u>1,059,174</u>	<u>14,704</u>	<u>-</u>	<u>1,073,878</u>
<b>Construction in Progress</b>	<u>167,612</u>	<u>44,532</u>	<u>(109,376)</u>	<u>102,768</u>
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 4,205,999</u>	<u>\$ 148,462</u>	<u>\$ (109,505)</u>	<u>\$ 4,244,956</u>

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

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



## **STATISTICAL SECTION (Unaudited)**

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

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

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

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

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

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

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

	Fiscal Year			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities				
Net investment in capital assets	\$ 1,183,621	\$ 1,106,840	\$ 1,106,327	\$ 1,055,902
Restricted (Debt Srvcs/Impact Fee/Endowments/Spec Rev)	45,169	41,902	42,149	36,068
Unrestricted	65,489	57,744	76,379	181,216
Total governmental activities net position	<u>\$ 1,294,279</u>	<u>\$ 1,206,486</u>	<u>\$ 1,224,855</u>	<u>\$ 1,273,186</u>
Business-type activities				
Net investment in capital assets	\$ 597,114	\$ 618,187	\$ 622,780	\$ 639,243
Restricted	14,299	16,169	14,947	18,150
Unrestricted	44,633	29,687	45,365	51,776
Total business-type activities net position	<u>\$ 656,046</u>	<u>\$ 664,043</u>	<u>\$ 683,092</u>	<u>\$ 709,169</u>
Primary government				
Net investment in capital assets	\$ 1,780,735	\$ 1,725,027	\$ 1,729,107	\$ 1,695,145
Restricted (Debt Srvcs/Impact Fee)	59,468	58,071	57,096	54,218
Unrestricted	110,122	87,431	121,744	233,324
Total primary government net position	<u>\$ 1,950,325</u>	<u>\$ 1,870,529</u>	<u>\$ 1,907,947</u>	<u>\$ 1,982,687</u>

**Source:** City of Arlington Finance Department

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

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

Table 1

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,130,555	\$ 881,082	\$ 1,462,715	\$ 1,864,421	\$ 1,872,543	\$ 1,692,854
29,169	50,408	65,742	104,569	91,922	265,606
110,143	241,799	50,411	76,926	5,678	187
<u>\$ 1,269,867</u>	<u>\$ 1,173,289</u>	<u>\$ 1,578,868</u>	<u>\$ 2,045,916</u>	<u>\$ 1,970,143</u>	<u>\$ 1,958,647</u>
\$ 653,455	\$ 694,201	\$ 653,396	\$ 690,058	\$ 739,140	\$ 833,906
20,334	39,028	118,649	107,246	102,695	82,037
61,652	24,483	29,756	45,273	36,206	26,257
<u>\$ 735,441</u>	<u>\$ 757,712</u>	<u>\$ 801,801</u>	<u>\$ 842,577</u>	<u>\$ 878,041</u>	<u>\$ 942,200</u>
\$ 1,784,010	\$ 1,575,283	\$ 2,116,111	\$ 2,554,479	\$ 2,611,683	\$ 2,526,760
49,503	89,436	184,391	211,815	194,617	347,643
171,795	266,282	80,167	122,199	41,884	26,444
<u>\$ 2,005,308</u>	<u>\$ 1,931,001</u>	<u>\$ 2,380,669</u>	<u>\$ 2,888,493</u>	<u>\$ 2,848,184</u>	<u>\$ 2,900,847</u>



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

	Fiscal Year			
	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities:				
General government	\$ 65,321	\$ 74,183	\$ 69,680	\$ 75,486
Public safety	139,309	146,899	142,489	156,414
Public works	68,633	63,566	64,549	61,115
Public health	2,489	2,740	2,849	2,741
Parks and recreation	30,599	34,075	33,410	32,449
Public welfare	11,453	11,558	10,019	14,978
Convention and event services	6,711	7,366	8,387	8,384
Lease expense	-	-	-	-
Interest on long term debt	25,017	28,703	22,299	23,016
Total governmental activities expenses	\$ 349,532	\$ 369,090	\$ 353,682	\$ 374,583
Business-type activities:				
Water and sewer	89,437	95,820	97,118	98,697
Stormwater	5,051	4,972	5,040	5,740
Total business-type activities expenses	\$ 94,488	\$ 100,792	\$ 102,158	\$ 104,437
Total primary government expenses	\$ 444,020	\$ 469,882	\$ 455,840	\$ 479,020
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 21,023	\$ 23,650	\$ 25,617	\$ 21,863
Public safety	19,344	19,337	17,957	16,392
Public works	1,416	1,412	1,585	2,085
Public health	3,488	3,447	3,508	3,393
Parks and recreation	10,977	10,187	10,356	11,180
Public welfare	224	224	220	216
Convention and event services	2,594	2,739	2,852	3,680
Operating grants and contributions	19,483	9,953	12,700	62,107
Capital grants and contributions	4,481	4,910	10,479	5,814
Total governmental activities program revenues	\$ 83,030	\$ 75,859	\$ 85,274	\$ 126,730
Business-type activities:				
Charges for services:				
Water and sewer	\$ 114,234	\$ 116,145	\$ 123,870	\$ 131,086
Storm water utility	10,815	10,774	12,160	13,575
Capital grants and contributions	3,663	3,136	1,148	1,820
Other	-	-	-	-
Total business-type activities program revenues	\$ 128,712	\$ 130,055	\$ 137,178	\$ 146,481
Total primary government program revenues	\$ 211,742	\$ 205,914	\$ 222,452	\$ 273,211
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (266,502)	\$ (293,231)	\$ (268,408)	\$ (247,853)
Business-type activities	34,224	29,263	35,020	42,044
Total Primary government net expense	\$ (232,278)	\$ (263,968)	\$ (233,388)	\$ (205,809)
<b>General Revenues</b>				
<b>and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 111,877	\$ 113,432	\$ 118,785	\$ 121,943
Sales taxes	94,071	93,127	97,895	102,580
Other taxes	14,884	17,192	18,893	20,430
Gas Lease	-	-	-	-
Franchise fees	25,550	26,970	26,477	25,435
Investment earnings	3,081	3,356	3,330	4,023
Net increase (decrease) in fair value	(962)	(469)	(294)	(598)
Other	4,257	3,808	5,156	6,084
Special Item	-	-	-	-
Transfers	15,556	15,355	16,535	16,619
Total governmental activities	\$ 268,314	\$ 272,771	\$ 286,777	\$ 296,516
Business-type activities:				
Investment earnings	\$ 353	\$ 348	\$ 465	\$ 687
Gain on sale/retirement of capital assets	(131)	59	99	(35)
Miscellaneous	-	2	-	-
Transfers	(15,556)	(15,355)	(16,535)	(16,619)
Total Business-type activities	\$ (15,334)	\$ (14,946)	\$ (15,971)	\$ (15,967)
Total primary government	\$ 252,980	\$ 257,825	\$ 270,806	\$ 280,549
<b>Change in Net Position</b>				
Governmental activities	\$ 1,812	\$ (87,793)	\$ 18,369	\$ 48,663
Business-type activities	18,890	7,997	19,049	26,077
Total primary government	\$ 20,702	\$ (79,796)	\$ 37,418	\$ 74,740

Source: City of Arlington Finance Department

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

Table 2

	2017	2018	2019	2020	2021	2022
\$	77,110	\$ 81,032	\$ 82,037	\$ 78,057	\$ 125,142	\$ 125,031
	170,459	167,064	187,839	136,008	161,468	183,230
	68,036	65,482	75,818	45,503	74,761	91,298
	2,934	3,067	3,610	3,219	2,548	3,025
	34,204	35,599	37,161	29,474	30,915	42,481
	10,280	68,964	11,132	47,780	26,442	43,975
	13,987	16,439	15,416	17,329	14,573	20,660
	-	-	-	-	-	(46)
	19,209	29,247	37,378	38,627	39,204	37,649
\$	396,219	\$ 466,894	\$ 450,391	\$ 395,997	\$ 475,053	\$ 547,303
	107,537	108,471	113,341	110,095	124,936	122,599
	6,208	6,651	6,411	8,443	7,956	8,741
\$	113,745	\$ 115,122	\$ 119,752	\$ 118,538	\$ 132,892	\$ 131,340
\$	509,964	\$ 582,016	\$ 570,143	\$ 514,535	\$ 607,945	\$ 678,643
\$	24,579	25,798	29,217	25,378	26,270	36,250
	15,412	14,405	15,337	13,655	10,698	11,052
	2,491	2,473	2,309	1,983	2,856	2,245
	3,536	3,273	4,025	4,513	5,410	6,565
	9,775	10,909	11,206	10,916	14,685	18,122
	215	288	262	198	168	221
	3,107	3,120	2,296	942	1,157	1,809
	14,754	20,591	15,849	21,764	58,366	44,613
	9,442	4,544	410,903	380,662	4,136	4,068
\$	83,311	\$ 85,401	\$ 491,404	\$ 460,011	\$ 123,746	\$ 124,945
\$	138,007	\$ 155,958	\$ 155,189	\$ 165,047	\$ 169,901	\$ 192,877
	15,011	16,384	18,014	19,650	20,526	22,072
	3,552	5,662	4,978	3,194	3,715	6,342
	-	-	-	-	-	-
\$	156,570	\$ 178,004	\$ 178,181	\$ 187,891	\$ 194,142	\$ 221,291
\$	239,881	\$ 263,405	\$ 669,585	\$ 647,902	\$ 317,888	\$ 346,236
\$	(312,908)	\$ (381,493)	\$ 41,013	\$ 64,014	\$ (351,307)	\$ (422,358)
	42,825	62,882	58,429	69,353	61,250	89,951
\$	(270,083)	\$ (318,611)	\$ 99,442	\$ 133,367	\$ (290,057)	\$ (332,407)
\$	131,243	\$ 143,826	\$ 154,606	\$ 165,284	\$ 170,967	\$ 177,412
	105,352	109,645	118,724	115,098	135,979	155,848
	23,163	23,960	27,372	23,669	26,240	30,864
	-	-	-	-	-	-
	24,859	25,166	24,921	22,048	21,468	23,193
	4,714	9,276	11,329	7,077	2,362	2,950
	(1,027)	(1,384)	3,351	943	(102)	(10,745)
	3,852	6,125	5,217	5,389	9,583	8,263
	-	-	-	-	-	-
	17,101	34,364	18,769	29,312	19,882	23,077
\$	309,257	\$ 350,978	\$ 364,289	\$ 368,820	\$ 386,379	\$ 410,862
\$	1,098	\$ 1,850	\$ 3,014	\$ 329	\$ 788	\$ (7,303)
	(550)	(862)	1,662	406	189	4,588
	-	-	-	-	-	-
	(17,101)	(34,364)	(18,769)	(28,696)	(19,882)	(23,077)
\$	(16,553)	\$ (33,376)	\$ (14,093)	\$ (27,961)	\$ (18,905)	\$ (25,792)
\$	292,704	\$ 317,602	\$ 350,196	\$ 340,859	\$ 367,474	\$ 385,070
\$	(3,651)	\$ (30,515)	\$ 405,302	\$ 432,834	\$ 35,072	\$ (11,496)
	26,272	29,506	44,336	41,392	42,345	64,159
\$	22,621	\$ (1,009)	\$ 449,638	\$ 474,226	\$ 77,417	\$ 52,663

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

	Fiscal Year		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
General fund			
Nonspendable:			
Inventory	\$ 1,172	\$ 1,206	\$ 1,207
Prepays	20	23	71
Committed to:			
Utility rate case	500	500	500
Capital projects	-	-	-
Assigned to:			
Encumbrances	5,235	4,449	5,598
Working capital	17,076	17,537	18,162
Subsequent years' expenditure	6,147	6,313	6,538
Compensated absences	1,263	1,372	1,443
Other post employment benefits	1,718	1,718	1,718
Landfill proceeds/future initiatives	17,206	17,151	17,151
Dispatch	615	756	916
Information Technology	236	195	119
Telecommunications	-	-	-
Business continuity	4,062	4,062	4,062
Arbitrage	-	-	-
Infrastructure	-	-	-
Gas lease proceeds	-	-	-
Group Health	-	-	-
Event reserve trust fund	-	-	-
Unassigned	1,490	909	538
Total general fund	<u>\$ 56,740</u>	<u>\$ 56,191</u>	<u>\$ 58,023</u>
All Other Governmental Funds			
Nonspendable:			
Inventory	\$ 243	\$ 249	\$ 240
Prepays	-	11,166	5,740
Restricted for:			
Capital projects	85,214	99,932	109,099
Special Revenue	74,247	64,931	60,099
Committed to:			
Capital projects	24,592	25,725	27,516
Special Revenue	22,010	21,471	25,534
Assigned to:			
Capital projects	-	-	-
Special Revenue	2,320	823	589
Unassigned	(7)	-	-
Total all other governmental funds	<u>\$ 208,619</u>	<u>\$ 224,297</u>	<u>\$ 228,817</u>

Source: City of Arlington Finance Department

Table 3

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	1,265	\$ 1,243	\$ 1,231	\$ 1,587	\$ 2,160	\$ 2,314	\$ 1,895
	117	-	28	-	5	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	8,515	8,794	-	-	-	-	-
	19,717	20,055	21,116	22,151	20,426	20,099	24,032
	6,918	7,220	15,248	15,107	11,440	14,536	21,393
	1,402	1,299	1,537	1,363	1,561	1,531	1,287
	1,718	1,718	1,718	1,718	1,718	1,718	1,717
	17,151	17,151	17,151	17,151	17,151	17,151	17,151
	830	987	600	717	617	1,021	1,874
	305	290	159	173	232	436	1,010
	-	-	-	-	-	-	-
	4,062	4,062	4,062	4,062	4,062	4,062	4,062
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	1,350
	478	30	3,456	1,869	11,238	24,400	6,645
\$	62,478	\$ 62,849	\$ 66,306	\$ 65,898	\$ 70,610	\$ 87,268	\$ 82,416
\$	237	\$ 219	\$ 231	\$ 241	\$ 142	\$ 214	\$ 214
	1,685	-	-	-	-	-	-
	97,784	87,655	347,828	112,886	127,058	144,809	200,893
	54,577	111,884	65,644	81,545	93,825	84,907	140,121
	44,867	57,845	68,113	57,829	27,252	3,601	1,749
	73,800	5,669	21,884	26,051	32,553	35,619	23,291
	-	-	-	-	-	-	-
	318	239	169	403	1,847	2,111	5,498
	-	-	-	-	-	-	-
\$	273,268	\$ 263,511	\$ 503,869	\$ 278,955	\$ 282,677	\$ 271,261	\$ 371,766

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

	Fiscal Year			
	2013	2014	2015	2016
<b>REVENUES:</b>				
Taxes:	\$ 221,338	\$ 224,401	\$ 235,986	\$ 245,678
Licenses and permits	6,823	7,589	7,448	9,063
Franchise fees	25,550	26,970	26,477	25,435
Fines and forfeitures	15,419	15,191	13,847	11,996
Leases, rents, and concessions	8,932	9,890	10,203	9,848
Service charges	20,302	19,705	20,316	22,089
Investment income	3,269	3,252	3,322	3,936
Net increase (decrease) in fair value of investment	(935)	(477)	(301)	(592)
Contributions	4,481	4,910	6,290	5,373
Intergovernmental	19,483	15,476	12,700	62,857
Gas lease	7,668	8,351	10,287	5,196
Miscellaneous	3,549	2,783	8,569	5,003
Total Revenues	335,879	338,041	355,144	405,882
<b>EXPENDITURES:</b>				
General government	40,188	43,045	41,924	45,692
Public safety	132,829	142,556	141,550	145,733
Public works	44,151	45,965	45,723	42,215
Public health	2,349	2,621	2,762	2,637
Public welfare	9,391	11,558	8,497	9,768
Parks and recreation	26,738	25,628	26,246	26,347
Convention and event services	6,711	7,366	8,037	8,283
Operating expenditures	-	-	-	-
Capital outlay	27,325	30,912	43,274	55,815
Debt Service:				
Principal retirement	49,625	50,810	54,815	60,500
Redemption premium	299	168	13	701
Interest and fiscal charges	25,062	23,689	23,624	24,119
Bond issuance cost	-	-	-	-
Total expenditures	364,668	384,318	396,465	421,810
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(28,789)	(46,277)	(41,321)	(15,928)
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds issued*	19,635	43,450	32,004	64,585
Capital lease	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Refunding bonds issued	6,430	-	36,845	47,365
Refunding bond principal	-	-	-	-
Bond premium	835	2,900	4,468	8,935
Payment of escrow for refunding	(6,585)	-	(40,435)	(53,710)
Gain on sale of land	-	-	-	-
Bond discount	-	-	-	-
Transfers in	42,468	39,573	43,241	90,512
Transfers out	(31,445)	(24,517)	(28,450)	(92,853)
Total other financing sources (uses)	31,338	61,406	47,673	64,834
NET CHANGE IN FUND BALANCES	\$ 2,549	\$ 15,129	\$ 6,352	\$ 48,906
Capitalized Capital outlay	27,497	30,077	41,252	55,394
Debt service as a percentage of noncapital expenditures	22.2%	21.0%	22.1%	23.1%

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	260,653	\$ 278,344	\$ 301,400	\$ 304,093	\$ 334,071	\$ 365,951
	9,662	9,278	9,955	9,796	10,133	10,930
	24,859	25,166	24,921	22,048	21,468	23,193
	10,858	10,305	10,853	9,205	6,974	6,726
	10,099	11,044	11,672	12,252	12,744	15,251
	20,252	22,071	25,073	22,359	26,749	34,113
	4,432	9,068	10,871	6,504	2,200	2,805
	(996)	(1,378)	3,283	655	(126)	(11,152)
	9,442	4,544	410,903	380,662	4,136	4,068
	14,754	20,591	15,849	21,766	58,366	59,225
	8,221	7,568	7,099	3,973	4,647	9,255
	2,585	4,972	3,214	3,658	8,176	3,813
	<u>374,821</u>	<u>401,573</u>	<u>835,093</u>	<u>796,971</u>	<u>489,538</u>	<u>524,178</u>
	46,945	52,520	49,480	46,099	72,678	70,006
	157,252	162,441	172,697	178,796	162,639	166,838
	45,569	49,099	55,557	31,479	56,420	67,469
	2,741	2,869	3,425	2,987	2,572	3,150
	10,277	67,075	10,033	47,765	28,504	43,962
	28,165	29,746	29,757	28,886	27,970	32,776
	13,640	16,036	15,110	17,898	15,595	20,406
	-	-	-	-	-	-
	77,115	303,477	721,573	451,945	36,566	38,349
	35,190	38,630	35,605	35,920	87,640	51,150
	-	-	-	-	-	-
	22,571	34,427	42,751	44,910	45,828	44,390
	-	-	-	-	-	-
	<u>439,465</u>	<u>756,320</u>	<u>1,135,988</u>	<u>886,685</u>	<u>536,412</u>	<u>538,496</u>
	(64,644)	(354,747)	(300,895)	(89,714)	(46,874)	(14,318)
	64,550	524,684	60,820	232,216	40,145	92,745
	-	-	-	-	-	-
	-	-	-	-	-	-
	128,440	-	-	-	-	-
	(172,000)	-	(5,862)	(9,826)	(9,979)	-
	26,003	43,616	6,436	9,826	7,023	6,430
	(8,752)	-	-	(173,273)	-	(10,646)
	-	-	-	-	-	-
	-	-	-	-	-	-
	51,980	70,623	49,605	67,230	62,893	68,889
	(34,963)	(40,361)	(35,426)	(27,449)	(47,966)	(47,447)
	<u>55,258</u>	<u>598,562</u>	<u>75,573</u>	<u>98,724</u>	<u>52,116</u>	<u>109,971</u>
\$	<u>(9,386)</u>	<u>\$ 243,815</u>	<u>\$ (225,322)</u>	<u>\$ 9,010</u>	<u>\$ 5,242</u>	<u>\$ 95,653</u>
	79,498	311,245	725,746	457,561	40,687	38,349
	16.0%	16.4%	19.1%	18.8%	26.9%	19.1%

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

Table 5

Fiscal Year	Tax Year	Estimated Actual Value of Taxable Property		Total Taxable Value <sup>(1)</sup>	Total Direct Tax Rate
		Real Property	Personal Property		
2013	2012	15,032,414	2,645,228	17,677,642	0.6480
2014	2013	15,451,540	2,636,867	18,088,407	0.6480
2015	2014	16,086,303	2,819,463	18,905,766	0.6480
2016	* 2015	16,580,450	3,020,914	19,601,363	0.6480
2017	2016	18,575,013	2,804,068	21,379,081	0.6448
2018	2017	20,651,783	2,851,409	23,503,192	0.6398
2019	2018	23,037,575	2,884,307	25,921,882	0.6348
2020	2019	26,076,603	3,161,407	29,238,010	0.6240
2021	2020	26,769,744	3,266,890	30,036,634	0.6225
2022	2021	28,408,779	3,255,944	31,664,722	0.6198

**Sources:**

City of Arlington Finance Department  
Tarrant Appraisal District

**Notes:**

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

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

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

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

Table 6

Tax Year <sup>(3)</sup>	City Direct Rates			Overlapping Rates						
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District <sup>(1)</sup>	Fort Worth Independent School District <sup>(1)</sup>	HEB Independent School District <sup>(1)</sup>	Kennedale Independent School District <sup>(1)</sup>	Mansfield Independent School District <sup>(1)</sup>	Tarrant County <sup>(2)</sup>	Viridian Management District
2013	0.4423	0.2057	0.6480	1.29	1.32	1.39	1.49	1.53	0.66	0.45
2014	0.4423	0.2057	0.6480	1.29	1.32	1.39	1.49	1.53	0.66	0.45
2015	0.4460	0.2020	0.6480	1.41	1.35	1.35	1.49	1.51	0.66	0.45
2016	0.4538	0.1910	0.6448	1.39	1.35	1.32	1.49	1.51	0.65	0.45
2017	0.4409	0.1989	0.6398	1.37	1.35	1.26	1.48	1.54	0.63	0.45
2018	0.4428	0.1920	0.6348	1.37	1.35	1.27	1.45	1.54	0.61	0.45
2019	0.4467	0.1773	0.6240	1.30	1.28	1.22	1.35	1.46	0.62	0.45
2020	0.4085	0.2140	0.6225	1.39	1.38	1.20	1.34	1.45	0.62	0.45
2021	0.4098	0.2100	0.6198	1.36	1.34	1.16	1.30	1.42	0.61	0.45
2022	0.4030	0.1968	0.5998	1.31	1.28	1.11	1.23	1.33	0.61	0.45

**Sources:**

City of Arlington Finance Department  
Tarrant Appraisal District

**Notes:**

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes the tax rates for Tarrant County, Tarrant Regional Water District, Tarrant County Hospital, and Tarrant County College.

<sup>(3)</sup> The City budgets tax revenue based on the tax valuation from the previous tax year. For example, the rates in 2021 determine revenue for fiscal year 2022.



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

Table 7

2022			2013		
<u>Taxpayer</u>	Total Taxable Value	Percentage of Total City Taxable Value	<u>Taxpayer</u>	Total Taxable Value	Percentage of Total City Taxable Value
General Motors Corp.	\$ 298,910,750	0.94 %	General Motors Corp.	\$ 205,667,494	1.16 %
Oncor Electric Delivery	226,403,096	0.72	Parks at Arlington	165,545,717	0.94
S2 Forest Ridge LP/S2 Manchester/Valencia LLC	210,577,808	0.67	Arlington Highlands LLP	165,448,090	0.94
United Parcel Service Inc.	163,335,032	0.52	Oncor Electric Delivery	149,551,844	0.85
Arlington Highlands LLP	162,974,572	0.51	Chesapeake Operating (Wi)	127,925,180	0.72
BMF IV TX Aspen Court LLC	157,900,000	0.50	Six Flags Fund II LTD	84,252,537	0.48
Parks at Arlington LP	129,035,750	0.41	Wal Mart Real Estate	65,898,878	0.37
Arlington Stadium Hotel Owner LLC	115,280,706	0.36	DFW Midstream Services LLC	65,838,553	0.37
Polk Apartments LLC	110,400,000	0.35	Lincoln Square Dunhill LP	63,490,196	0.36
Atmos Energy	103,125,526	0.33	Carrizo Oil and Gas	61,712,350	0.35
Total	<u>\$ 1,677,943,240</u>	<u>5.30 %</u>	Total	<u>\$ 1,155,330,839</u>	<u>6.54 %</u>

**Sources:**

City of Arlington Finance Department  
 Tarrant Appraisal District

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

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections Related to	Total Collections to Date	
	of the Levy	Amount	% of Levy	Prior Years <sup>(1)</sup>	Amount	% of Levy
2013	\$ 112,997,778	\$ 112,051,050	99.16	\$ 695,323	\$ 112,746,373	99.78
2014	115,297,239	114,468,630	99.28	354,141	114,822,771	99.59
2015	120,592,214	119,624,237	99.20	380,137	120,004,374	99.51
2016	124,591,144	123,750,524	99.33	559,351	124,309,875	99.77
2017	134,181,351	133,179,070	99.25	640,737	133,819,807	99.73
2018	146,675,357	145,497,705	99.20	1,029,167	146,526,872	99.90
2019	159,006,103	157,799,647	99.24	378,277	158,177,924	99.48
2020	173,123,630	171,641,052	99.14	(116,753)	171,524,299	99.08
2021	180,533,780	179,138,820	99.23	(41,297)	179,097,523	99.20
2022	187,661,342	186,434,621	99.35	(145,978)	186,288,643	99.27

**Source:**

Tarrant County Tax Office

**Notes:**

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

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

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Total Taxable Value	Estimated Population	Per Capita <sup>(4)</sup>	Percentage of Personal Income
	General Obligation Bonds	Certificates of Obligation <sup>(1)</sup>	Venue Debt <sup>(2)</sup>	TIRZS Bonds	Capital Leases <sup>(3)</sup>	Water and Sewer Revenue Bonds	Stormwater Bonds					
2013	\$ 257,493,000	\$ 56,110,000	\$ 225,718,000	\$ -	\$ -	\$ 123,642,000	\$ 23,981,000	\$ 686,944,000	3.89%	371,267	1,850	0.81%
2014	252,197,000	80,340,000	207,827,000	-	-	133,307,000	22,601,000	696,272,000	3.85%	375,305	1,855	0.78%
2015	265,434,000	67,525,000	185,051,000	-	9,860,000	141,410,000	21,228,000	690,508,000	3.65%	379,716	1,818	0.71%
2016	307,231,000	62,490,000	156,570,000	-	9,403,000	173,125,000	19,860,000	728,679,000	3.72%	383,899	1,898	0.75%
2017	341,307,000	61,430,000	128,229,000	-	9,692,100	207,079,000	27,493,000	775,230,100	3.63%	388,225	1,997	0.79%
2018	367,669,000	60,595,000	625,932,000	-	10,109,500	241,475,000	31,797,000	1,337,577,500	5.69%	392,462	3,408	1.25%
2019	390,273,000	61,085,000	622,408,000	-	8,591,900	335,072,000	36,970,000	1,454,399,900	5.61%	395,477	3,678	1.30%
2020	581,276,000	64,875,000	616,494,000	-	3,437,000	310,399,000	45,480,000	1,621,961,000	5.55%	394,266	4,114	1.37%
2021	577,579,000	57,580,000	568,685,000	-	3,038,000	337,548,000	51,828,000	1,596,258,000	5.31%	393,420	4,057	1.27%
2022	623,380,000	51,055,000	561,298,000	9,505,000	5,165,352	339,575,000	59,240,000	1,649,218,352	5.21%	399,560	4,128	n/a

**Sources:**  
City of Arlington Finance Department

**Notes:**  
Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
<sup>(1)</sup> Certificates of Obligation include Tax and Revenue certificates.  
<sup>(2)</sup> Stadium Debt include Special Tax Revenue Bonds and Revenue Bonds  
<sup>(3)</sup> Leases include contracts with Motorola, Dell, and Club Car. Motorola paid off in FY21.  
<sup>(4)</sup> See Table 13 for personal income and population data.

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

Table 10

Fiscal Year	General Bonded Debt Outstanding				Percentage of Actual Taxable Value of Property <sup>(1)</sup>	Per Capita <sup>(2)</sup>	Estimated Population <sup>(2)</sup>
	General Obligation Bonds	Certificates of Obligations	Available Resources Restricted for Repayment of Debt (Fund Balance)	Net General Bonded Debt Outstanding			
2013	257,493,000	56,110,000	(4,078,685)	309,524,315	1.75%	834	371,267
2014	252,197,000	80,340,000	(2,769,146)	329,767,854	1.82%	879	375,305
2015	265,434,000	67,525,000	(2,482,205)	330,476,795	1.75%	870	379,716
2016	307,231,000	62,490,000	(2,260,181)	367,460,819	1.87%	957	383,899
2017	341,307,000	61,430,000	(2,767,737)	399,969,263	1.87%	1,030	388,225
2018	367,669,000	60,595,000	(2,988,983)	425,275,017	1.81%	1,084	392,462
2019	390,273,000	61,085,000	(3,566,517)	447,791,483	1.73%	1,132	395,477
2020	581,276,000	64,875,000	(2,935,009)	643,215,991	2.20%	1,631	394,266
2021	577,579,000	57,580,000	(4,374,131)	630,784,869	2.10%	1,603	393,420
2022	623,380,000	51,055,000	(3,445,344)	670,989,656	2.12%	1,679	399,560

**Source:**  
City of Arlington Finance Department

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

<sup>(1)</sup> See Table 5 for property value data.

<sup>(2)</sup> See Table 13 for per Capita and population data.

CITY OF ARLINGTON, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
As of September 30, 2022  
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington ISD	\$ 1,185,949,956	80.34%	\$ 952,792,195
Fort Worth ISD	1,318,830,000	0.29%	3,824,607
Hurst-Euless-Bedford I.S.D.	321,965,000	5.48%	17,643,682
Kennedale I.S.D.	19,240,025	56.64%	10,897,550
Mansfield I.S.D.	824,064,839	29.22%	240,791,746
Tarrant County	404,360,000	16.39%	66,274,604
Tarrant County College District	610,315,000	15.85%	96,734,928
Tarrant County Hospital District	12,825,000	15.85%	2,032,763
Viridian Municipal Management	209,000,000	100.00%	209,000,000
<b>Subtotal overlapping debt</b>	<b>4,906,549,820</b>		<b>1,599,992,075</b>
*City of Arlington, Net Debt Outstanding	1,250,403,352	100.00%	1,250,403,352
<b>Total direct and overlapping debt</b>	<b>\$ 6,156,953,172</b>		<b>\$ 2,850,395,427</b>

**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, TIRZ5, Capital Leases, Premium, Discount, and Pension Obligation Bonds.

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

Table 12

Waterworks and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue <sup>(3)</sup>	Average Annual Requirement	Times Coverage <sup>(4)</sup>
2013	\$ 114,234	\$ 72,941	\$ 41,293	\$ 7,684	5.37
2014	116,145	78,672	37,473	8,195	4.57
2015	123,870	79,958	43,912	8,582	5.12
2016	131,086	78,839	52,247	10,559	4.95
2017	138,007	86,631	51,376	12,651	4.06
2018	155,958	85,204	70,754	14,744	4.80
2019	155,189	87,754	67,435	19,514	3.46
2020	165,047	84,722	80,325	18,874	4.26
2021	169,901	98,894	71,007	19,401	3.66
2022	192,877	93,963	98,914	19,316	5.12

Storm Water Utility					
Fiscal Year	Total Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue <sup>(3)</sup>	Average Annual Requirement	Times Coverage <sup>(4)</sup>
2013	\$ 10,815	\$ 2,845	\$ 7,970	\$ 1,800	4.43
2014	10,774	2,908	7,866	1,774	4.43
2015	12,160	3,110	9,050	1,747	5.18
2016	13,575	3,430	10,145	1,720	5.90
2017	15,011	3,441	11,570	1,786	6.48
2018	16,384	3,903	12,481	2,026	6.16
2019	18,014	3,597	14,417	2,328	6.19
2020	19,650	4,908	14,742	2,716	5.43
2021	20,526	4,273	16,253	3,060	5.31
2022	22,072	4,593	17,479	3,520	4.97

**Source:**  
 City of Arlington Finance Department

**Notes:**

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

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

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

<sup>(4)</sup> Net revenue available for debt service (3) divided by average annual debt service requirement

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

Table 13

Year	Estimated Population <sup>(a)</sup>	Personal Income <sup>(b)</sup> (thousands of dollars)	Per Capita	Median Age <sup>(c)</sup>	School Enrollment <sup>(d)</sup>	Unemployment Rate <sup>(e)</sup>
			Personal Income <sup>(b)</sup>			
2013	371,267	\$ 84,905,643	\$ 44,417	34	65,001	5.9%
2014	375,305	89,814,369	46,169	32	64,688	5.2%
2015	379,716	96,600,949	48,727	33	63,882	4.0%
2016	383,899	96,909,978	48,050	33	63,210	3.8%
2017	388,225	97,639,160	47,525	33	62,181	3.9%
2018	392,462	106,829,236	51,239	33	61,076	3.5%
2019	395,477	112,046,590	53,292	34	59,900	3.4%
2020	394,266	118,090,622	55,615	34	59,532	6.8%
2021	393,420	125,334,153	58,940	35	56,840	6.1%
2022	399,560	N/R	N/R	N/R	56,311	3.9%

**Sources:**

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

<b>2022</b>			
<b><u>Employer</u></b>	<b><u>Type of Business</u></b>	<b><u>Employees</u></b>	<b><u>Percentage of Total City Employment</u></b>
Arlington Independent School District	Public Education	8,500	3.89%
University of Texas at Arlington	Higher Education	5,300	2.42%
General Motors Co.	Automobile Assembly	4,484	2.05%
Texas Health Resources	Health Care	4,063	1.86%
Six Flags Over Texas	Amusement Park	3,800	1.74%
The Parks at Arlington	Retail	3,500	1.60%
GM Financial	Financial Services	3,300	1.51%
City of Arlington	Municipality	2,755	1.26%
J.P. Morgan-Chase	Banking Services	1,965	0.90%
Texas Rangers Baseball Club	Sports/Entertainment	1,881	0.86%
<b>Total</b>		<b>39,548</b>	<b>18.09%</b>

<b>2013</b>			
<b><u>Employer</u></b>	<b><u>Type of Business</u></b>	<b><u>Employees</u></b>	<b><u>Percentage of Total City Employment</u></b>
Texas Health Resources	Healthcare	8,252	3.91%
Arlington Independent School District	Public Education	8,000	3.79%
University of Texas at Arlington	Higher Education	5,300	2.51%
Six Flags Over Texas	Amusement Park	3,800	1.80%
The Parks at Arlington	Retail	3,500	1.66%
General Motors	Automobile Assembly	2,900	1.37%
City of Arlington	Municipality	2,315	1.10%
JP Morgan Chase Bank	Banking Services	1,965	0.93%
Texas Rangers Baseball Club	Major League Baseball & Hockey	1,881	0.89%
Americredit	Retail	1,591	0.75%
<b>Total</b>		<b>39,504</b>	<b>18.71%</b>

**Sources:**

City of Arlington Economic Department

**Notes:**

2022 Labor Force Estimate is 218,601

2013 Labor Force Estimate is 211,253



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

Function/Program	Fiscal Year		
	2013	2014	2015
Strategic Support			
Communication and Legislative Affairs	-	-	33
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	21
Judiciary	6	6	7
Municipal Court	41	41	42
Information Technology	55	55	55
Finance*	71	71	36
Document Services	8	8	8
Economic Development & Capital Investment			
Economic Development	3	3	4
Planning and Development Services	71	71	70
Aviation	8	8	9
Convention Center	31	31	31
Strategic Initiatives	-	-	-
Business Diversity Office	-	-	-
Neighborhood Services			
Police	837	836	838
Fire**	443	443	447
Code Compliance Services	62	62	64
Park and Recreation	102	102	104
Park Performance Fund	69	69	74
Library	68	68	68
Capital Investment			
Public Works & Transportation	85	85	85
Street Maintenance Fund	93	93	93
Asset Management	-	-	-
Fleet Services Fund	1	1	1
Water Utilities Fund	223	223	218
Storm Water Utility Fund	27	27	27
Grant Funds***	106	113	111
Total	<u>2,475</u>	<u>2,481</u>	<u>2,492</u>

**Source:**  
City of Arlington Finance Department

**Notes:**  
Asset Management and Strategic Initiatives were both created in 2019, Real Estate Services was moved from CDP to Economic Development, and one position moved from Public Works to Economic Development.  
CDP was changed to Planning and Development Services.  
\* 2015 Finance split into two separate departments Finance and Management Resources.  
\* 2018 Management Resources changed to Communication and Legislative Affairs.  
\*\*2012-2018 Fire umbrellas communication services fund and EPAB.  
\*\*\*2022 American Rescue Plan Grant added to Grant Funds.

Table 15

Fiscal Year						
2016	2017	2018	2019	2020	2021	2022
41	41	41	41	41	41	46
38	39	38	38	38	38	39
3	3	3	3	3	3	4
5	5	5	5	5	5	5
21	21	26	26	26	26	27
7	7	6	6	6	6	6
43	43	40	39	39	38	37
56	58	58	58	58	58	58
35	35	35	36	36	37	39
8	8	8	8	8	8	5
4	4	4	10	10	10	14
68	70	72	58	61	62	65
9	9	9	9	9	9	9
31	31	31	31	31	30	30
-	-	-	9	9	9	9
-	-	-	-	-	-	4
835	839	846	859	879	897	906
472	470	496	500	505	505	508
64	64	64	67	68	66	68
106	108	108	109	116	115	116
74	85	86	86	88	91	93
68	68	68	68	68	68	68
85	87	87	54	54	54	54
92	92	92	92	92	92	92
-	-	-	32	33	33	35
1	1	1	1	1	1	1
204	202	198	205	205	205	216
27	29	30	31	32	37	38
123	148	165	154	115	116	163
<u>2,520</u>	<u>2,567</u>	<u>2,617</u>	<u>2,635</u>	<u>2,636</u>	<u>2,660</u>	<u>2,755</u>

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

<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Public safety			
Police			
Number of employees	640	643	643
Number of dispatch calls	143,146	134,160	135,047
Fire			
Number of employees	443	443	445
Number of service calls	36,317	38,542	40,717
Parks and recreational			
Parks - program registrations	46,286	42,692	53,395
Memberships	36,757	35,661	32,396
Library			
Libraries*	7	7	7
Collection size	656,982	624,002	625,267
Average monthly circulation	180,048	175,601	179,734
Water and sewer			
Number of accounts	100,453	101,107	101,733
Average daily water consumption (gallons)	49,094,776	53,350,000	52,481,000
Ozonated treatment capacity (gpd)	172,500,000	172,500,000	172,500,000
Number of sewer connections	98,544	99,279	99,944
Golf Course			
Number of clinics	56	64	71
Number of participants in clinics	409	204	534
Number of private lessons	1,854	1,747	2,098

**Source:**

City of Arlington Finance Department

**Notes:**

Police: Employment represents full-time sworn officers

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

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

Table 16

Fiscal Year						
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
639	640	644	653	682	669	694
136,069	134,451	124,669	183,650	161,396	110,985	113,560
470	477	477	494	508	508	566
42,325	43,897	44,654	46,457	43,971	54,170	57,292
57,405	40,124	44,341	50,617	4,128	6,776	6,180
29,468	25,560	27,686	54,846	40,355	56,519	47,789
7	7	7	7	7	7	7
630,315	609,403	524,746	555,102	503,197	584,991	546,710
181,812	172,019	171,228	171,375	137,411	138,115	156,625
102,193	102,757	103,333	104,140	105,180	105,884	106,517
46,160,656	51,091,670	53,780,000	49,498,917	50,500,417	50,339,124	57,607,000
172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000
100,387	100,932	101,463	102,266	103,328	104,028	104,590
39	29	21	28	4	10	15
348	208	243	188	15	122	146
1,664	1,477	1,031	1,022	935	1,069	988

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

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<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety				
Police stations	4	4	4	4
Fire stations	17	17	17	17
Miles of streets and alleys				
Streets- paved (lane miles)	3,093	3,161	3,225	3,277
Sidewalks (miles)	1,018	1,030	1,048	1,057
Cultural and recreational				
Parks (acres) (golf courses included)	4,710	4,710	4,714	4,714
Swimming pools	7	7	7	7
Tennis courts	45	45	45	45
Recreation centers	5	4	4	4
Senior center	2	2	2	2
Miles of park trails	53	54	54	54
Sports fields-youth	77	77	77	77
Basketball courts-outdoors	21	21	21	21
Number of golf courses	4	4	4	4
Water and Sewer				
Water mains (miles)	1,575	1,578	1,582	1,589
Fire hydrants	10,959	11,018	11,067	11,120
Sanitary sewers (miles)	1,300	1,302	1,306	1,317

**Source:**  
City of Arlington Finance Department

Table 17

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
4	4	4	4	4	4
17	17	17	17	17	17
3,350	3,419	3,458	3,503	3,540	3,567
1,069	1,094	1,103	1,112	1,119	1,128
4,718	4,718	4,718	4,714	4,595	4,607
7	7	7	7	7	7
44	44	44	49	45	41
4	4	4	5	5	7
2	2	2	2	1	1
55	55	56	56	46	85
77	77	77	77	77	73
26	26	26	66	97	21
4	4	4	4	4	4
1,596	1,620	1,654	1,666	1,652	1,456
11,280	11,405	11,595	11,683	11,766	10,128
1,332	1,343	1,356	1,317	1,323	1,249

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

Table 18

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Funded Ratio (1/2)	(4) Unfunded Actuarial Accrued Liability	(5) Annual Covered Payroll	(6) UAAL as a Percentage of ACP (4/5)	(7) Total TMRS Required Contribution Rate	(8) Prior Service Portion of the TMRS Rate
2013	787,497	904,236	87.1%	116,739	145,369	80.3%	16.28%	4.68%
2014	842,194	1,003,238	83.9%	161,044	150,941	106.7%	15.62%	6.88%
2015	893,065	1,037,982	86.0%	144,917	149,837	96.7%	15.08%	6.36%
2016	939,247	1,086,413	86.5%	147,166	154,372	95.3%	15.73%	6.27%
2017	984,568	1,136,502	86.6%	151,934	160,575	94.6%	15.58%	6.51%
2018	1,036,661	1,189,337	87.2%	152,676	169,628	90.0%	15.79%	6.54%
2019	1,084,556	1,249,596	86.8%	165,040	177,549	93.0%	15.81%	6.54%
2020	1,144,057	1,317,330	86.8%	173,273	185,842	93.2%	16.13%	6.87%
2021	1,357,258	1,374,220	98.8%	16,962	192,070	8.8%	16.82%	7.26%
2022	1,440,888	1,443,560	99.8%	2,672	192,053	1.4%	10.17%	0.59%

**Source:** City of Arlington Finance Department

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

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

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

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