

CITY OF ARLINGTON  
ARLINGTON, SOUTH DAKOTA  
FINANCIAL REPORT  
FOR THE ONE YEAR ENDING DECEMBER 31, 2021  
WITH INDEPENDENT AUDITOR'S REPORTS

**INDEPENDENT AUDIT SERVICES, P.C.**

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Benjamin Elliott, CPA  
P.O. Box 262  
Madison, South Dakota 57042

CITY OF ARLINGTON  
ARLINGTON, SOUTH DAKOTA

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FOR THE ONE YEAR ENDING DECEMBER 31, 2021

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NOTE: All figures shown in this financial report are in U.S. dollars.  
For space considerations, the "\$" symbol is not used.

# INDEPENDENT AUDIT SERVICES, PC

Benjamin Elliott, CPA  
P.O. Box 262  
Madison, South Dakota 57042  
605.270.3020

Governing Board  
City of Arlington  
Arlington, South Dakota

## INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Unmodified and Disclaimer of Opinions:*

I have audited the governmental activities, the business-type activities, and each major fund; and I was engaged to audit the discretely presented component unit of the City of Arlington (City), Kingsbury County, South Dakota as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statement as listed in the table of contents.

### Summary of Opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Discretely Presented Component Unit	Disclaimer
General Fund	Unmodified
2 <sup>nd</sup> Cent Fund	Unmodified
Water Fund	Unmodified
Electric Fund	Unmodified
Sewer Fund	Unmodified

### *Disclaimer of Opinion on the Discretely Presented Component Unit:*

I do not express an opinion on the accompanying financial statements of the discretely presented component unit of the City of Arlington. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Discretely Presented Component Unit section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit.

### *Unmodified Opinions on Governmental Activities, Business-type Activities, and Each Major Fund:*

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Arlington, South Dakota as of December 31, 2021, 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.

### *Basis for Disclaimer of Opinion on the Discretely Presented Component Unit:*

Records of the Arlington Housing and Redevelopment Commission were not available to me as part of my audit of the City of Arlington's basic financial statements. The Arlington Housing and Redevelopment Commission represents 100% of the assets, liabilities, net position, revenue and expenses of the discretely presented component unit on the government-wide statement of net position and statement of activities.

*Basis for Unmodified Opinions:*

I conducted my audit of the financial statements of the governmental activities, the business-type activities, and each major fund in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standard applicable to financial audits contained in Government Auditing Standards (*Government Auditing Standards*), issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City of Arlington, South Dakota and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unmodified audit opinions.

*Responsibilities of Management for the Financial Statements:*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 misstatements, 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 of Arlington'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 Responsibility for the Audit of the Financial Statements:*

*Auditor's Responsibility for the Audit of the Discretely Presented Component Unit:*

My responsibility is to conduct an audit of City of Arlington's financial statements in accordance with GAAS and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the Discretely Presented Component Unit section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the discretely presented component unit.

*Auditor's Responsibility for the Audit of the Governmental Activities, the Business-Type Activities, and Each Major Fund:*

My 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 my 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 generally accepted auditing standards will and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 and *Government Auditing Standards*, I:

- > 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 of Arlington'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Arlington's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

I am required to be independent of the City of Arlington and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit.

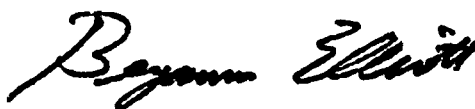
*Required Supplementary Information: (no opinion)*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (page 4 to 9), the budgetary comparison schedule (page 41 to 43), and pension schedules (page 44 to 45) 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 Government 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Reporting Required by Government Auditing Standards:*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 20, 2023 (page 46) on my consideration of the City of Arlington's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Arlington's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Independent Audit Services, PC  
Benjamin Elliott, CPA  
Madison, South Dakota  
April 20, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of the City of Arlington's (City) annual financial report presents our discussion and analysis of the City's financial performance for the year ending December 31, 2021. Please read it in conjunction with the City's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Revenue:	
Charges for goods and services	2,042,875
Operating grants	86,462
Capital grants	0
General receipts	1,115,963
	-----
Total	3,245,300
	-----
Expenses:	
Governmental	1,257,672
Business-type	1,548,513
	-----
Total	2,806,185
	-----
Increase in Net Position	439,115
Net Position:	
December 31, 2020	9,400,089
	-----
December 31, 2021	9,839,204
	=====
Governmental Fund	
General	745,652
2nd Cent	392,679
Capital Assets	3,972,636
Long-term Debt	(97,548)
Business-Type Funds:	
Water	1,074,031
Electric	2,837,179
Sewer	914,575
	-----
Total	9,839,204
	=====

During the year ending December 31, 2021, the City:

- \* Collected \$282,620 in property taxes.
- \* Collected \$701,938 in sales taxes.
- \* Made water line improvements for \$68,830.
- \* Made sewer line improvements for \$174,832.
- \* Made baseball field improvements for \$43,400.
- \* Paid down existing loans by \$238,061. See also page 38 and 39.
- \* Transferred \$583,769 to the general fund with \$549,549 from the 2nd cent fund, and \$34,220 from the electric fund, for street projects and operations.

## BRIEF DISCUSSION OF THE BASIC FINANCIAL STATEMENTS

The financial report consists of three parts: (1) management's discussion and analysis (page 4 to 9), (2) the basic financial statements (page 10 to 40) and (3) other supplementary information (page 41 to 45). The basic financial statements include two types of statements that present the City from two different financial points of view.

### Government-wide financial statements (View #1):

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

### Fund financial statements (View #2):

The remaining financial statements are fund financial statements that focus on significant operations of the governmental and enterprise activities of the City.

The governmental financial statements tell how general governmental services were financed in the short-term, as well as what remains for future spending. The governmental funds operated by the City during 2021 are the general fund and 2nd cent fund.

The enterprise fund financial statements offer short-term and long-term financial information about the activities of the City that operate like a business. Enterprise funds operated by the City during 2021 are the water, electric and sewer funds.

The fiduciary fund financial statements provide information about the financial status of activities in which the City acts solely as a trustee or agent for the benefit of those groups to whom these funds belong. In 2021 the City had no fiduciary funds.

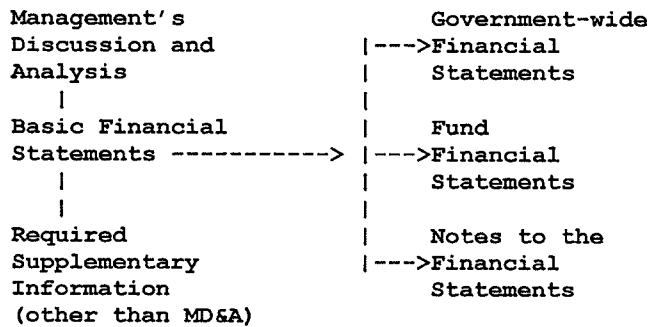
The financial statements include notes that explain in more detail some of the information found in the financial statements. The financial statements are also followed by a section of supplementary information that presents a budgetary analysis for the general fund and major special revenue fund and the City's pension information.

The Arlington Housing and Redevelopment Commission (AHRC) is a component unit of the City of Arlington. AHRC represents 100% of the balances and activity of the discretely presented component unit column of these financial statements. AHRC is organized to provide housing through the operation of a rental housing complex. AHRC is a Housing and Redevelopment Commission, established under SDCL 11-7-7. Financial information about AHRC is available at Arlington City Hall.

### Required Supplementary Information:

This Management's Discussion and Analysis (page 4 to 9), the Budgetary Comparison Schedules (page 41 to 43), the Pension Schedules (page 44 and 45) are financial information required to be presented by GASB. Such information provides readers of this report with additional data that supplements the government-wide statements and fund financial statements. The Budgetary Comparison Schedule is presented on a budgetary basis of accounting, which reports capital expenditures within their respective expenditure function rather than as a separate capital outlay expenditure.

Here is an overview of the City's financial statements.



Here is a summary of the major features of these financial statement.

	Government-wide Statements	-----Fund Statements-----	
		Governmental Funds	Enterprise Funds
Scope	Entire City	City Activities except Enterprise (ie: water)	Activities operated like a private business (ie: water)
Required Financial Statements	Statement of Net Position	Balance Sheet	Statement of Net Position
	Statement of Activities	Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Revenues, Expenses and Changes in Net Position  Statement of Cash Flows
Basis of Accounting	Accrual	Modified accrual	Accrual
Measurement Focus	Economic resources	Current financial resources	Economic resources
Types of Assets & Liabilities	All - financial and capital, short- and long-term	Only current financial assets and liabilities  No capital assets	All - financial and capital, short- and long-term
Types of Revenue and Expenditures or Expense	All - regardless of when cash is received	Revenues when cash is received during year or within 30 days of year-end  Expenditures when goods or services are received and payment is due during year or soon after year-end	All - regardless of when cash is received

**GOVERNMENT-WIDE STATEMENTS**  
(Reporting the City as a whole)

The government-wide statements (page 10 and 11) report information about the City as a whole using accounting methods similar to those used for private companies. There are two government-wide statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position includes all of the government's assets and liabilities. Net position is the difference between assets and liabilities. Changes in these accounts is one way to measure the City's financial health.



Increases or decreases in net position measures improvements or declines in the City's financial health. To assess the City's overall financial health you also need to consider other factors such as changes in the, property tax base and sales tax revenue, sales tax revenue and/or grant activity.

The Statement of Activities includes all of the year's revenues and expenses. You will notice that expenses are listed in the first column by program. Revenues related each program are reported to the right of the expense. The result is a net revenue/expense for each program. After listing program activity, general receipts of the City are listed, which include all taxes and interest earned.

The government-wide financial statements have two broad categories of information: governmental activity and business-type activity.

The governmental activities include operation of the government such and City Council, public safety, streets and highway, snow removal, debt service, and recreational programs. Property taxes, sales taxes, revenue from the state, user fees and interest earnings finance most of these activities.

Business-type activities account for the City's water, electric, and sewer operations. These operations are financed mostly by user fees.

#### FUND FINANCIAL STATEMENTS

(Reporting the City's most significant funds)

The fund financial statements (page 12 to 17) provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting tools used to keep track of the receipt and disbursement of City's resources. State law requires the use of some funds and the City Council establishes other funds to manage money for a specific purpose, like a capital project fund for infrastructure improvements.

The fund financial statements show information in three broad categories: governmental, enterprise (business-type), and fiduciary (if any).

**Governmental funds:** Most of the City's basic services are included in the governmental funds, which focus on (1) how cash, and other financial assets which can readily be converted into cash, flow in and out of that fund, and (2) the balances left at year-end that are available for spending in the next year. Consequently, governmental funds statements provide you a detailed short-term view to help you determine whether there are more or fewer financial resources available for spending in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements to reconcile the differences between the governmental fund statements and the government-wide statements.

**Enterprise fund:** Services for which the City charges the customer a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both short-term and a long-term financial information. Water, electric and sewer funds are the enterprise fund maintained by the City.

**Fiduciary funds:** The City can be the agent (or fiduciary) for various internal and external parties. As such, the City would be responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities would be reported in a separate statement of fiduciary net position. Fiduciary funds would be excluded from the City's government-wide financial statements because the City could not use these assets to finance City's operations. In 2021 the City had no fiduciary funds.

MATERIAL CHANGES IN STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

Year Ending December 31, 2021

(Material changes for governmental activities = changes greater than \$100,000)

(Material changes for business-type activities = changes greater than \$100,000)

	Increase (Decrease)	Reason
Governmental Activities:		
Capital assets	262,000	Street projects
Public works	109,000	Street projects
Business-type Activities:		
Long-term debt	(200,000)	Debt reduction

SIGNIFICANT VARIATIONS BETWEEN ORIGINAL AND FINAL GENERAL FUND BUDGET

The City's 2021 general fund budget of \$1,644,535 is an increase of \$336,950 or 25.77% from 2020. The increase was largely in the streets budget line item. There was one supplemental appropriation of \$292,200 spread over several budget line items. See page 41 for information.

SIGNIFICANT CAPITAL ASSET ACTIVITY

At December 31, 2021, the City had invested \$9,574,868 in a broad range of capital assets, including land, buildings, improvements, equipment and intangible water rights. This amount represents a net increase (including additions and deductions) of \$209,886, or 2.25% from December 31, 2020.

Significant capital asset activity is reported above. See page 37 for more information.

SIGNIFICANT LONG-TERM DEBT ACTIVITY

Significant long-term debt activity is reported above. The City is current on all long-term debt. See page 38 to 40 for more information.

CURRENTLY KNOWN FACTS

In May 2022 the City borrowed \$150,050 for a ballfield score board and concession stand.

In 2022 the City received the second half of an ARPA distribution of \$76,806.

In May 2022 the City changed from accrual to the cash basis of accounting.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the City of Arlington's business office at Drawer 379, Arlington, SD 57212 or call 605.983.5251.

CITY OF ARLINGTON  
**TABLE 1 - NET POSITION (condensed and in thousands)**  
 FULL ACCRUAL - BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 AS OF DECEMBER 31, 2021 AND DECEMBER 31, 2020

	Governmental Activities		Business-Type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
<b>Assets and deferred outflow:</b>						
Current assets	1,165	1,239	2,301	2,221	3,466	3,460
Capital assets	3,973	3,711	5,602	5,654	9,575	9,365
Other assets	56	1	202	147	258	148
Deferred outflow	71	41	57	47	128	88
<b>Total</b>	<b>5,265</b>	<b>4,992</b>	<b>8,162</b>	<b>8,069</b>	<b>13,427</b>	<b>13,061</b>
<b>Liabilities and deferred inflow:</b>						
Current liabilities	93	63	329	304	422	367
Long-term debt outstanding	51	94	2,921	3,121	2,972	3,215
Deferred inflow	108	37	86	42	194	79
<b>Total</b>	<b>252</b>	<b>194</b>	<b>3,336</b>	<b>3,467</b>	<b>3,588</b>	<b>3,661</b>
<b>Net position:</b>						
Net invested in capital asse	3,900	3,594	2,528	2,386	6,428	5,980
Restricted	19	5	119	108	138	113
Unrestricted	1,094	1,199	2,179	2,108	3,273	3,307
<b>Total</b>	<b>5,013</b>	<b>4,798</b>	<b>4,826</b>	<b>4,602</b>	<b>9,839</b>	<b>9,400</b>

**TABLE 2 - CHANGES IN NET POSITION (condensed and in thousands)**  
 FULL ACCRUAL - BASED ON GOVERNMENT-WIDE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDING DECEMBER 31, 2021 AND DECEMBER 31, 2020

	Governmental Activities		Business-Type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	237	233	1,805	1,749	2,042	1,982
Operating grants and contri	86	94			86	94
Capital grants					0	0
<b>General revenues:</b>						
Property taxes	283	266			283	266
Sales taxes	702	718			702	718
State shared revenue	52	52			52	52
County shared revenue	5	4			5	4
Interest earnings	3	6	1	2	4	8
Rents and franchise fees	24	21			24	21
Donations	14	2			14	2
Miscellaneous	24	9			24	9
<b>Total revenues</b>	<b>1,430</b>	<b>1,405</b>	<b>1,806</b>	<b>1,751</b>	<b>3,236</b>	<b>3,156</b>
<b>Expenses:</b>						
General government	192	153			192	153
Public safety	128	213			128	213
Public works	703	594			703	594
Health and welfare	76	98			76	98
Culture and recreation	137	135			137	135
Economic development	16	16			16	16
Interest expense	5	55			5	55
Water			262	229	262	229
Electric			1,131	1,107	1,131	1,107
Sewer			155	175	155	175
<b>Total expenses</b>	<b>1,257</b>	<b>1,264</b>	<b>1,548</b>	<b>1,511</b>	<b>2,805</b>	<b>2,775</b>
<b>Revenues over (under) expenses</b>	<b>173</b>	<b>141</b>	<b>258</b>	<b>240</b>	<b>431</b>	<b>381</b>
Sale of surplus property	8	2			8	2
Compensation for damaged property						0
Transfers	34	16	-34	-16		
Loan proceeds		50				50
<b>Change in net position</b>	<b>215</b>	<b>209</b>	<b>224</b>	<b>224</b>	<b>439</b>	<b>433</b>
<b>Net position:</b>						
December 31, 2019		4,589		4,378		8,967
December 31, 2020	4,798	4,798	4,602	4,602	9,400	9,400
December 31, 2021	5,013		4,826		9,839	

CITY OF ARLINGTON

GOVERNMENT-WIDE - STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2021

	Primary Government			Component Unit (Not Audited) 12-31-2021
	Governmental Activities	Business- Type Activities	Total	
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	759,421	1,954,470	2,713,891	96,160
Certificates of deposit	27,527	55,000	82,527	
Taxes receivable - delinquent	10,970		10,970	
Due from governments	17,851		17,851	
Accounts receivable	14,296	143,700	157,996	
Special assessments receivable	16,605		16,605	
Inventory of supplies	318,346	147,823	466,169	
<b>Capital assets:</b>				
Land	313,460	13,500	326,960	53,340
Other capital assets, net of depreciati	3,659,176	5,310,125	8,969,301	262,137
Intangible water rights, net of amortization		278,607	278,607	
<b>Other assets:</b>				
Restricted cash for surcharge		157,408	157,408	
Net pension assets	55,800	44,578	100,378	
<b>Total assets</b>	<b>5,193,452</b>	<b>8,105,211</b>	<b>13,298,663</b>	<b>411,637</b>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>				
Pension related deferred outflows	71,550	57,159	128,709	
<b>Total deferred outflow of resources</b>	<b>71,550</b>	<b>57,159</b>	<b>128,709</b>	<b>0</b>
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Accounts payable	46,234	79,682	125,916	
Customer deposits		88,685	88,685	
Leave liability	24,982	8,153	33,135	
Debt due within one year	46,593	160,794	207,387	
<b>Long-term liabilities:</b>				
Debt due in more than one year	25,973	2,913,151	2,939,124	
<b>Total liabilities</b>	<b>143,782</b>	<b>3,250,465</b>	<b>3,394,247</b>	<b>0</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension related deferred inflows	107,801	86,120	193,921	0
<b>Total deferred inflows of resources</b>	<b>107,801</b>	<b>86,120</b>	<b>193,921</b>	<b>0</b>
<b>NET POSITION:</b>				
Net invested in capital assets	3,900,070	2,528,287	6,428,357	315,477
<b>Restricted for:</b>				
Debt service		103,224	103,224	
SDRS pension purposes	19,549	15,617	35,166	
Unrestricted	1,093,800	2,178,657	3,272,457	96,160
<b>Total net position</b>	<b>5,013,419</b>	<b>4,825,785</b>	<b>9,839,204</b>	<b>411,637</b>

See accompanying notes.

CITY OF ARLINGTON

GOVERNMENT-WIDE - STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDING DECEMBER 31, 2021

Functions/Programs:	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit (Not Audited) 12-31-2021
	Expenses	Charges for Reimbursements Services and	Operating Contributions Grants and	Capital Contributions Grants and	Governmental Activities	Business-type Activities	Totals	
Primary government:								
Governmental activities:								
General government	191,796	24,036	12,767		-154,993		-154,993	
Public safety	128,590	23,891	38,301		-66,398		-66,398	
Public works	702,765	104,711	4,256		-593,798		-593,798	
Health and welfare	76,667	74,561	26,883		24,777		24,777	
Culture and recreation	136,870	10,257	4,256		-122,357		-122,357	
Economic development	16,000				-16,000		-16,000	
Interest and fees (all)	4,984				-4,984		-4,984	
Total governmental activities	1,257,672	237,456	86,462	0	-933,754	0	-933,754	
Business-type activities:								
Water	262,171	255,159				-7,012	-7,012	
Electric	1,131,292	1,359,344				228,052	228,052	
Sewer	155,050	190,916				35,866	35,866	
Total business-type activities	1,548,513	1,805,419	0	0	0	256,906	256,906	
Total primary government	2,806,185	2,042,875	86,462	0	-933,754	256,906	-676,848	
Component unit activity:								
Arlington Housing & Redev Commis	295,755	366,095						70,340
General revenues:								
Taxes:								
Property taxes					282,620		282,620	
Sales taxes					701,938		701,938	
State shared revenue					52,142		52,142	
County shared revenue					5,082		5,082	
Interest earnings					2,939	876	3,815	62
Rents and franchise fees					23,757		23,757	
Donations					14,358		14,358	
Miscellaneous revenue					24,074		24,074	
Sale of surplus property					8,177		8,177	
Transfers in (out)					34,220	-34,220	0	
Total general revenue and transfers					1,149,307	-33,344	1,115,963	62
Change in net position					215,553	223,562	439,115	70,402
Net position:								
January 1, 2021					4,797,866	4,602,223	9,400,089	341,235
December 31, 2021					5,013,419	4,825,785	9,839,204	411,637

See accompanying notes.

CITY OF ARLINGTON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF DECEMBER 31, 2021

	General Fund	2nd Cent Fund	Total Governmental Funds
	-----	-----	-----
<b>ASSETS:</b>			
Cash and cash equivalents	370,073	389,348	759,421
Certificates of deposit	27,527		27,527
Property taxes receivable	10,970		10,970
Due from governments	14,520	3,331	17,851
Accounts receivable	14,296		14,296
Special assessments - current	6,385		6,385
Special assessments - delinquent			0
Special assessments - deferred	10,220		10,220
Inventory of supplies	318,346		318,346
	-----	-----	-----
<b>Total assets</b>	<b><u>772,337</u></b>	<b><u>392,679</u></b>	<b><u>1,165,016</u></b>
<b>LIABILITIES:</b>			
Accounts payable	46,234		46,234
	-----	-----	-----
<b>Total liabilities</b>	<b>46,234</b>	<b>0</b>	<b>46,234</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - delinquent property taxes	10,970		10,970
Unavailable revenue - special assessments	16,605		16,605
	-----	-----	-----
<b>Total deferred inflows of resources</b>	<b>27,575</b>	<b>0</b>	<b>27,575</b>
<b>FUND BALANCES:</b>			
Nonspendable	318,346		318,346
Restricted			0
Committed		392,679	392,679
Assigned	293,332		293,332
Unassigned	86,850		86,850
	-----	-----	-----
<b>Total fund balance</b>	<b>698,528</b>	<b>392,679</b>	<b>1,091,207</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	<b><u>772,337</u></b>	<b><u>392,679</u></b>	<b><u>1,165,016</u></b>

Reconciliation of the above balance sheet - governmental funds to the government-wide statement of net position

Total fund balance - governmental funds (above) 1,091,207  
Amounts reported in the government-wide statement of net position are different because:

Capital assets and other assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets 6,963,124  
Less: accumulated depreciation -2,990,488

These pension related amounts are not an available financial resource and therefore are not reported in the funds.

Net pension assets 55,800  
Deferred outflow of resources 71,550  
Deferred inflow of resources -107,801

Assets such as taxes receivable (delinquent) and special assessments are not available to pay for current period expenditures and therefore are deferred in the funds.

27,575

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long term liabilities at year end consist of:

2018 Bobcat loan -11,627  
Fire truck bank loan -22,710  
2020 Ditch Witch bank loan -38,229  
Accrued leave payable -24,982

Total net position on government-wide statement of net position 5,013,419

CITY OF ARLINGTON  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS  
FOR THE YEAR ENDING DECEMBER 31, 2021

	General Fund	2nd Cent Fund	Total Governmental Funds
	-----	-----	-----
Revenue:			
Revenue from local sources:			
Taxes:			
Ad valorem taxes	280,494		280,494
General sales and use taxes	350,969	350,969	701,938
Amusement taxes	0		0
Licenses and permits:	4,718		4,718
Intergovernmental revenue:			
Federal shared revenue:			
Grants - COVID	85,113		85,113
State shared revenue:			
Grants - mosquito	1,349		1,349
Bank franchise tax	2,636		2,636
Liquor tax reversion	6,497		6,497
Motor vehicle licenses (5%)	17,876		17,876
Highway and bridge	25,133		25,133
County shared revenue:			
Road taxes	5,082		5,082
Charges for goods and services:			
General government	3,479		3,479
Public safety	23,891		23,891
Highway and streets	1,114		1,114
Sanitation	80,232		80,232
Health and welfare	74,561		74,561
Recreation	10,257		10,257
Cemetery	11,345		11,345
Fines and forfeits:	226		226
Miscellaneous revenue:			
Interest earned	2,612	327	2,939
Rental and franchise	23,757		23,757
Special assessments collected	8,751		8,751
Donations	14,358		14,358
Liquor operating agreements	15,613		15,613
Other	24,074		24,074
Total revenues	1,074,137	351,296	1,425,433
	-----	-----	-----
Expenditures:			
General government:			
Mayor and Council	18,494		18,494
Elections	15		15
Financial administration	171,088		171,088
Other	4,023		4,023
Public safety:			
Police	67,860		67,860
Fire	40,408		40,408
Public works:			
Highways and streets	317,022		317,022
Storm drainage	11,516		11,516
Airport	14,478		14,478
Solid waste	82,216		82,216
Cemetery	35,019		35,019
Health and welfare:			
West Nile prevention	2,678		2,678
Ambulance	40,554		40,554
Culture and recreation:			
Pool	73,269		73,269
Parks	28,527		28,527
Baseball	4,963		4,963
Library	13,100		13,100
BATA services	1,000		1,000
Economic assistance	15,000		15,000
Debt service: principal	44,690		44,690
interest and fees	4,984		4,984
Capital outlays	583,594		583,594
Total expenditures	1,574,498	0	1,574,498
	-----	-----	-----
Excess of revenues over (under) expenditures	-500,361	351,296	-149,065

CITY OF ARLINGTON

STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -- GOVERNMENTAL FUNDS (continued)  
 FOR THE YEAR ENDING DECEMBER 31, 2021

	General Fund	2nd Cent Fund	Total Governmental Funds
	-----	-----	-----
Other financing sources (uses):			
Transfers in (from 2nd cent fund)	549,549	-549,549	0
Transfers in (from electric fund)	34,220		34,220
Sale of surplus property	8,177		8,177
	-----	-----	-----
Net change in fund balance	91,585	-198,253	-106,668
Fund balance:			
January 1, 2021	606,943	590,932	1,197,875
	-----	-----	-----
December 31, 2021	698,528	392,679	1,091,207
	=====	=====	=====
Reconciliation of the above statement of revenues, expenditures, and changes in fund balances to the government-wide statement of activities.			
Amounts reported in the government-wide statement of net position are different because:			
Net change in fund balances - total governmental funds (above)			-106,668
Governmental funds report capitalized cost as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation.			
2021 capitalized cost			583,594
2021 depreciation			-322,286
Some property taxes will not be collected for several months after the City's year-end. Therefore, they are not considered "available" revenues and are deferred in these funds statement.			
			2,126
Some special assessments will not be collected for several months after the City's year-end. Therefore, they are not considered "available" revenues and are deferred in these funds statement.			
			3,269
(Expenses) and reductions of expenses related to pensions do not provide current financial resources and, therefore, are not reported in the funds.			
			14,882
Governmental funds do not reflect the change in "accrued leave", but the statement of activities reflects the change in "accrued leave" through expenditures.			
			-4,054
Current debt principal reduction (increase) is not reported in the government-wide statement of activities:			
2018 Bobcat loan			11,147
2019 Fire truck bank loan			21,722
2020 Ditch Witch bank loan			11,821
			-----
Change in net position on government-wide statement of activities			215,553
			=====

See accompanying notes.



## CITY OF ARLINGTON

STATEMENT OF NET POSITION - ENTERPRISE FUNDS  
AS OF DECEMBER 31, 2021

	Water Fund	Electric Fund	Sewer Fund	Total Enterprise Funds
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	55,982	1,448,364	450,124	1,954,470
Certificates of deposit		35,000	20,000	55,000
Accounts receivable	16,487	112,380	14,833	143,700
Inventory of supplies	20,363	114,998	12,462	147,823
<b>Total current assets</b>	<b>92,832</b>	<b>1,710,742</b>	<b>497,419</b>	<b>2,300,993</b>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Land		1,000	12,500	13,500
Buildings		195,593		195,593
Improvements	1,940,522	2,897,505	2,584,097	7,422,124
Equipment	13,451	1,278,045	27,862	1,319,358
Construction-in-progress				0
Accumulated depreciation	-875,924	-1,079,751	-1,671,275	-3,626,950
Intangible water rights, net	278,607			278,607
<b>Total noncurrent assets</b>	<b>1,356,656</b>	<b>3,292,392</b>	<b>953,184</b>	<b>5,602,232</b>
<b>Other assets:</b>				
Restricted cash for surcharge		157,408		157,408
Net pension assets	7,378	31,047	6,153	44,578
<b>Total assets</b>	<b>1,456,866</b>	<b>5,191,589</b>	<b>1,456,756</b>	<b>8,105,211</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension related deferred outflows	9,460	39,810	7,889	57,159
<b>Total outflow of resources</b>	<b>9,460</b>	<b>39,810</b>	<b>7,889</b>	<b>57,159</b>
<b>LIABILITIES:</b>				
<b>Current liabilities:</b>				
Accounts payable	9,794	67,038	2,850	79,682
Customer deposits	28,107	60,578		88,685
Current portion of:				
Long-term debt	22,237	125,000	13,557	160,794
<b>Total current liabilities</b>	<b>60,138</b>	<b>252,616</b>	<b>16,407</b>	<b>329,161</b>
<b>Noncurrent liabilities:</b>				
Leave liability	3,040	1,624	3,489	8,153
Noncurrent portion of long-term debt	314,864	2,080,000	518,287	2,913,151
<b>Total noncurrent liabilities</b>	<b>317,904</b>	<b>2,081,624</b>	<b>521,776</b>	<b>2,921,304</b>
<b>Total liabilities</b>	<b>378,042</b>	<b>2,334,240</b>	<b>538,183</b>	<b>3,250,465</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Pension related deferred inflows	14,253	59,980	11,887	86,120
<b>Total inflow of resources</b>	<b>14,253</b>	<b>59,980</b>	<b>11,887</b>	<b>86,120</b>
<b>NET POSITION</b>				
Net invested in capital assets	1,019,555	1,087,392	421,340	2,528,287
Restricted:				
Water revenue bond	32,232			32,232
Sewer revenue bond			70,992	70,992
SDRS pension purposes	2,585	10,877	2,155	15,617
Unrestricted	19,659	1,738,910	420,088	2,178,657
<b>Total net position</b>	<b>1,074,031</b>	<b>2,837,179</b>	<b>914,575</b>	<b>4,825,785 *</b>

\* Government-wide Statement of Net Position  
See accompanying notes.

CITY OF ARLINGTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN NET POSITION - ENTERPRISE FUNDS  
 FOR THE YEAR ENDING DECEMBER 31, 2021

	Water Fund	Electric Fund	Sewer Fund	Total Enterprise Funds
	-----	-----	-----	-----
Operating revenue:				
Charges for goods and services	255,159	1,359,344	190,916	1,805,419
	-----	-----	-----	-----
Total operating revenue	255,159	1,359,344	190,916	1,805,419
	-----	-----	-----	-----
Operating expenses:				
Personal services	31,504	161,217	33,665	226,386
Other current services	39,774	150,633	24,718	215,125
Cost of goods sold	113,791	590,994		704,785
Amortization	19,104			19,104
Depreciation	40,055	172,002	76,424	288,481
Pension related expense reduction	-1,783	-7,029	-1,753	-10,565
	-----	-----	-----	-----
Total operating expenses	242,445	1,067,817	133,054	1,443,316
	-----	-----	-----	-----
Total operating income (loss)	12,714	291,527	57,862	362,103
Nonoperating revenue (expense):				
Interest earnings	12	306	558	876
Interest expense and fees	-19,726	-63,475	-21,996	-105,197
	-----	-----	-----	-----
Total nonoperating revenue (expense)	-19,714	-63,169	-21,438	-104,321
Income (loss) before transfers	-7,000	228,358	36,424	257,782
Transfer in (out)		-34,220		-34,220
	-----	-----	-----	-----
Change in net position	-7,000	194,138	36,424	223,562 *
Net position:				
January 1, 2021	1,081,031	2,643,041	878,151	4,602,223
	-----	-----	-----	-----
December 31, 2021	1,074,031	2,837,179	914,575	4,825,785
	=====	=====	=====	=====

\* Government-wide Statement of Activities

See accompanying notes.

CITY OF ARLINGTON

STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS  
FOR THE YEAR ENDING DECEMBER 31, 2021

	Water Fund	Electric Fund	Sewer Fund	Total Enterprise Funds
	-----	-----	-----	-----
Cash flows from:				
Operating activities:				
Receipts from customers	241,623	1,336,160	183,565	1,761,348
Received from other funds	15,470	37,127	6,188	58,785
Payments to employees	-30,483	-160,571	-32,544	-223,598
Payments to suppliers	-148,816	-727,522	-18,164	-894,502
Payments to other funds	-2,428	-292	-4,059	-6,779
Net cash provided (used) by operating activities	----- 75,366	----- 484,902	----- 134,986	----- 695,254
Noncapital financing activities:				
Transfers (out)		-34,220		-34,220
Capital financing activities:				
Cash paid for improvements	-68,830		-174,832	-243,662
Cash paid for equipment		-12,500		-12,500
Principal paid on debt	-59,871	-120,000	-13,500	-193,371
Interest and fees paid on debt	-19,726	-63,475	-21,996	-105,197
Investing activities:				
Interest earnings	12	306	558	876
Net increase (decrease) in cash	----- -73,049	----- 255,013	----- -74,784	----- 107,180
Cash:				
January 1, 2021	129,031	1,350,759	524,908	2,004,698
December 31, 2021	----- 55,982	----- 1,605,772	----- 450,124	----- 2,111,878
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	12,714	291,527	57,862	362,103
Amortization	19,104			19,104
Depreciation	40,055	172,002	76,424	288,481
Pension related expense reduction	-1,783	-7,029	-1,753	-10,565
(Increase) decrease in:				
Accounts receivable	1,934	9,578	-1,163	10,349
Inventory	0	4,795		4,795
Prepaid expense	1,929			1,929
Increase (decrease) in:				
Accounts payable	392	9,018	2,495	11,905
Customer deposits		4,365		4,365
Leave liability	1,021	646	1,121	2,788
Net cash provided (used) by operating activities	----- 75,366	----- 484,902	----- 134,986	----- 695,254

Noncash investing, capital and  
financing activities:

None

See accompanying notes.