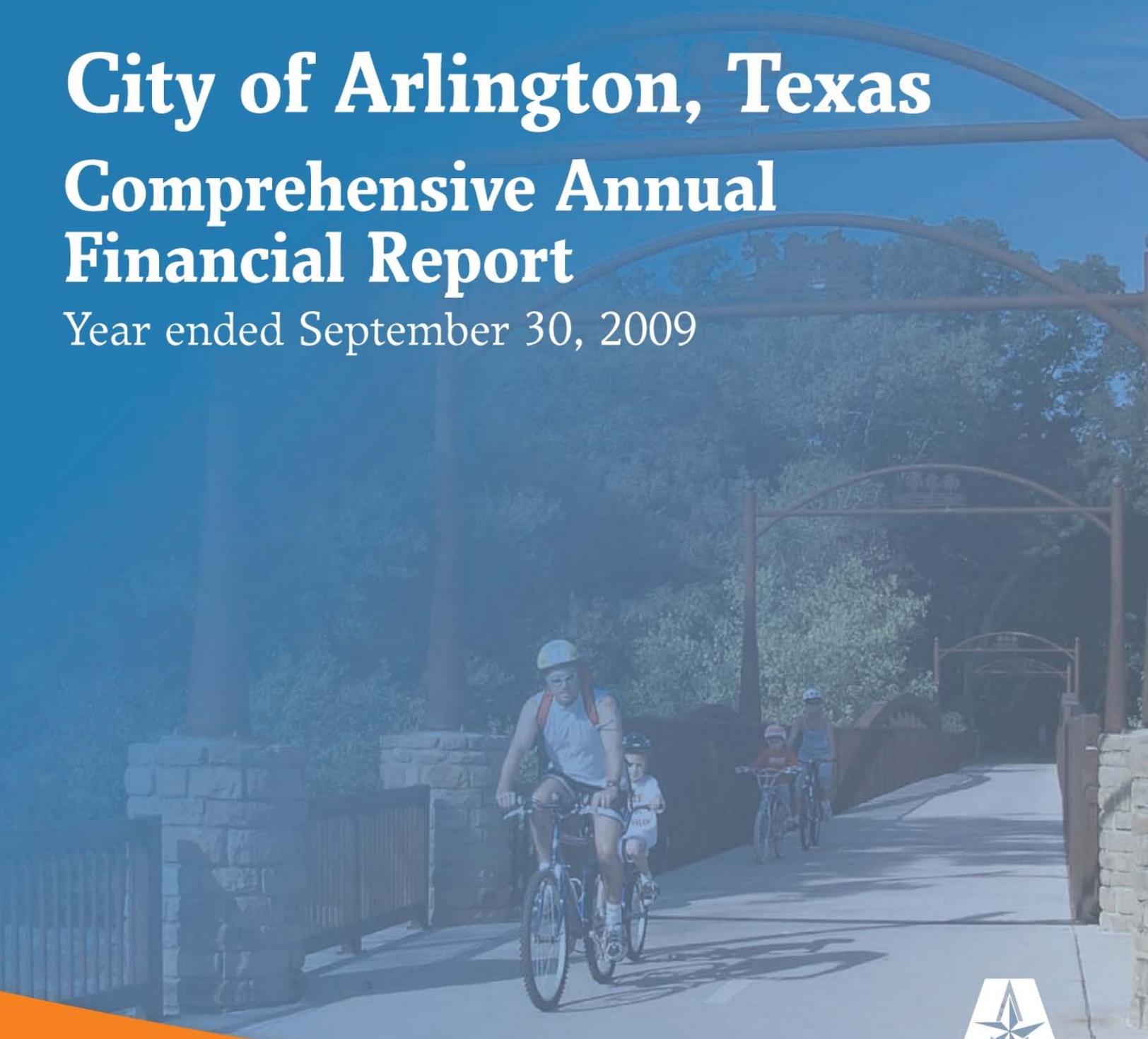




City of Arlington, Texas

Comprehensive Annual Financial Report

Year ended September 30, 2009



CITY OF ARLINGTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2009

PREPARED BY THE FINANCIAL AND MANAGEMENT RESOURCES
DEPARTMENT, ACCOUNTING DIVISION



Robert Cluck, MD
Mayor

April Nixon
Financial and Management
Resources Director/CFO

Jim Holgersson
City Manager

Sherry Wright, CPA
Assistant Director of Financial
Operations

**CITY OF ARLINGTON, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009
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March 1, 2010

Dear Reader:

The Arlington, Texas Comprehensive Annual Financial Report (CAFR or report) for the fiscal year ended September 30, 2009, is submitted for review and analysis and in compliance with Texas law. City management is responsible for the accuracy, completeness and reliability of the presented data, based upon a comprehensive framework of internal control established for this purpose. Deloitte & Touche LLP has issued an unqualified opinion on the City's financial statements for the year ended September 30, 2009. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A), which follows the independent auditor's report, complements this letter and should be read in conjunction with it. Immediately following this letter is a brief summary of local economic indicators.

City Overview and Governance

Arlington was incorporated in 1894 and is located in the center of Dallas/Fort Worth metro area, 8 miles south of D/FW International Airport. The City operates under home rule charter as a Council-Manager government. The Mayor and eight City Council Members (Council) are vested with local legislative authority. The Mayor and three Council Members are elected citywide and five Council Members are elected by district. Elected officials serve staggered two-year terms.

The City Manager is appointed by the Mayor and Council as the chief executive of the municipal government. The Council also appoints members to certain boards, commissions, and authorities, as it deems necessary for the operation of the City.

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

The Arlington reporting entity includes 6 component units, which are discussed in the MD&A and in 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.

Long Term Financial Planning

The City has a long history of vigilant and conservative fiscal planning. By monitoring the economy and the City's own revenue and expenditure streams continuously, the City has been able to adjust quickly to shifts and changes. The City also believes that long-term planning contributes to financial resiliency, and the City is dedicated to monitoring revenues and expenditures on a five-year horizon. As part of our on-going review, the City examined programs and projects to determine what could be changed or eliminated and have the least impact on service delivery in the faltering economy. So far, Arlington has been relatively fortunate. The City has seen an increase in residential and commercial foreclosures; however, these are not nearly as dramatic as some other cities in the region and certainly across the country.

The multi-year financial forecast assumes the continuation of existing services and competitive pay and benefits for the City's workforce. The City expects to continue to improve the outlook by focusing on service delivery, and expanding neighborhood and community partnerships. The City expects the local economy to have a slow recovery from the current crisis, but fortunately, Arlington has not been as negatively impacted as other parts of the country. The steady housing market, economic development activity, and wise decisions made by City leaders now will ensure the future success of Arlington.

Major Initiatives

Dallas Cowboys Development Project

In November of 2004, voters authorized the City to provide planning, acquisition, construction and financing for the new Dallas Cowboys Stadium. Arlington's investment in the \$1.1 billion public/private partnership is \$325 million. The stadium structure was completed on schedule for a July 2009 opening. The first event at the stadium was a concert headlined by George Strait and attended by 60,000 fans. In September, the first college football game was held between the University of Oklahoma and Brigham Young University. The Cowboys played their 2009 season in Arlington, including the first playoff game in the new stadium. The AT&T Cotton Bowl Classic was held on New Year's Day, 2010. Other notable plans for the new stadium are the NBA All Star Game in February of 2010 and Super Bowl XLV in 2011.

Founders Plaza

The City has developed the Founders Plaza entertainment pavilion downtown on the block south of City Hall. The park includes a spacious lawn, an interactive water fountain, public art and the Levitt Pavilion. The first free concerts were held in October 2008, and the concert series continued in the spring and fall of 2009.

Arlington Tomorrow Foundation

This foundation oversees an endowment fund created with gas lease revenues and royalties derived from natural gas drilling on City-owned property, and is dedicated to enhancing the quality of life in Arlington. The interest earned annually from the endowment is awarded as grants to local non-profits and governmental entities. In 2009, the Foundation approved over \$1.2 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

Other notable 2009 milestones include:

- The opening of the new Arlington Animal Services Center. The new Arlington Animal Services Center has more kennels, cages and a climate controlled room with natural light. Services include medical care, onsite spaying, neutering, microchipping and public education programs. The goal is to improve the health and well being of animals, enhance community awareness about responsible pet ownership, and promote the adoption of animals placed in the city's care.
- The opening of the new Center Street Bridge at Interstate 30. The new bridge features iron towers and columns, nostalgic lamp posts, pedestrian shelters and trees.
- The opening of two newly rebuilt fire stations, which were originally built in the 1950's. Fire stations number 3 and 4 were both demolished and new, larger stations were built at the existing sites.

Government Finance Officers Association (GFOA) Awards

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arlington for its CAFR for the year ended September 30, 2008. This was the 31st year the City has earned this prestigious award. A Certificate of Achievement is valid for a period of one year. The City believes the current CAFR continues to meet the certificate requirements and will be submitting the document to the GFOA to determine ongoing eligibility the certificate.

The GFOA also awarded a Certificate for Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2008. This was the first year the City applied for and received this prestigious award. The Certificate is valid for a period of one year. The City will submit a Popular Annual Financial Report which meets requirements for the award again this year.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Financial and Management Resources Department. I would like to express my appreciation to all members of Financial Operations, especially Sherry Wright, David Balsamo, Linda Beavers, Honora Bracken, Deloise Edwards, Daryl Holder, Kristi Janes, Deven Mercer, Cynthia Moss, Wally Waits, and Joan Wilson, who assisted and contributed to the preparation of this report.

Respectfully submitted,



James N. Holgersson
City Manager



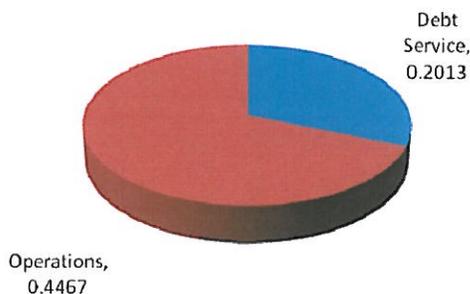
April Nixon
Financial and Management
Resources Director/CFO

Local Economic Indicators

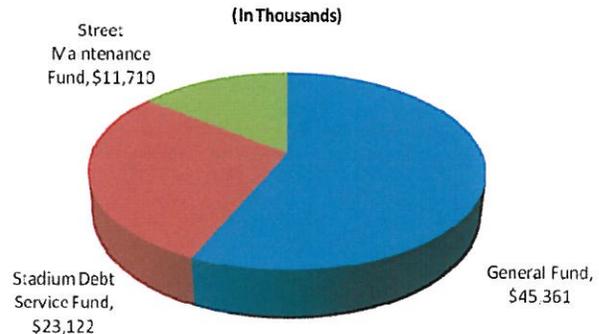
The Arlington Economy is broad and diverse. Major employers include the Arlington Independent School District, The University of Texas at Arlington, Six Flags Over Texas, General Motors, and Texas Health Resources. Major taxpayers include General Motors, Oncor Electric Delivery, The Parks Mall at Arlington, Southwestern Bell, and The Arlington Highlands, and make up approximately 3.9% of the City's assessed value. Arlington has proactively managed its financial condition over the years, with a built-in conservative bias. City leaders are carefully managing the City's finances during the recession and will continue to take steps necessary to preserve the Arlington's Aa2/AA+/AA general obligation bond rating and our ability to serve the public.

	2007	2008	2009
Property Tax Base in thousands			
Personal	2,235,989	2,247,800	2,386,993
Real Estate	14,557,436	15,311,608	15,859,827
Total	16,793,425	17,559,408	18,246,820
Property Tax Rate			
Operations	0.4467	0.4467	0.4467
Debt Service	0.2013	0.2013	0.2013
Total	0.6480	0.6480	0.6480
Sales Tax in thousands			
Amount	79,781	81,385	80,193
Annual growth	4.3%	2.0%	(1.46%)
Population	364,300	369,150	370,450
General Obligation Debt per Capita	\$627	\$835	\$827
Labor Force	204,893	208,417	210,017
Unemployment Rate	4.9%	4.0%	7.6%
Housing Start Permits Issued	817	427	251
Foreclosures (residential and commercial)	3,125	3,338	3,860
Occupancy Rates			
Office	87.4%	88.8%	87.9%
Industrial	92.3%	93.1%	84.0%
Retail	92.3%	91.3%	91.5%
Residential (Multi-family)			
North Arlington - 4th Quarter	93.9%	89.3%	90.0%
South Arlington - 4th Quarter	95.1%	91.3%	92.9%

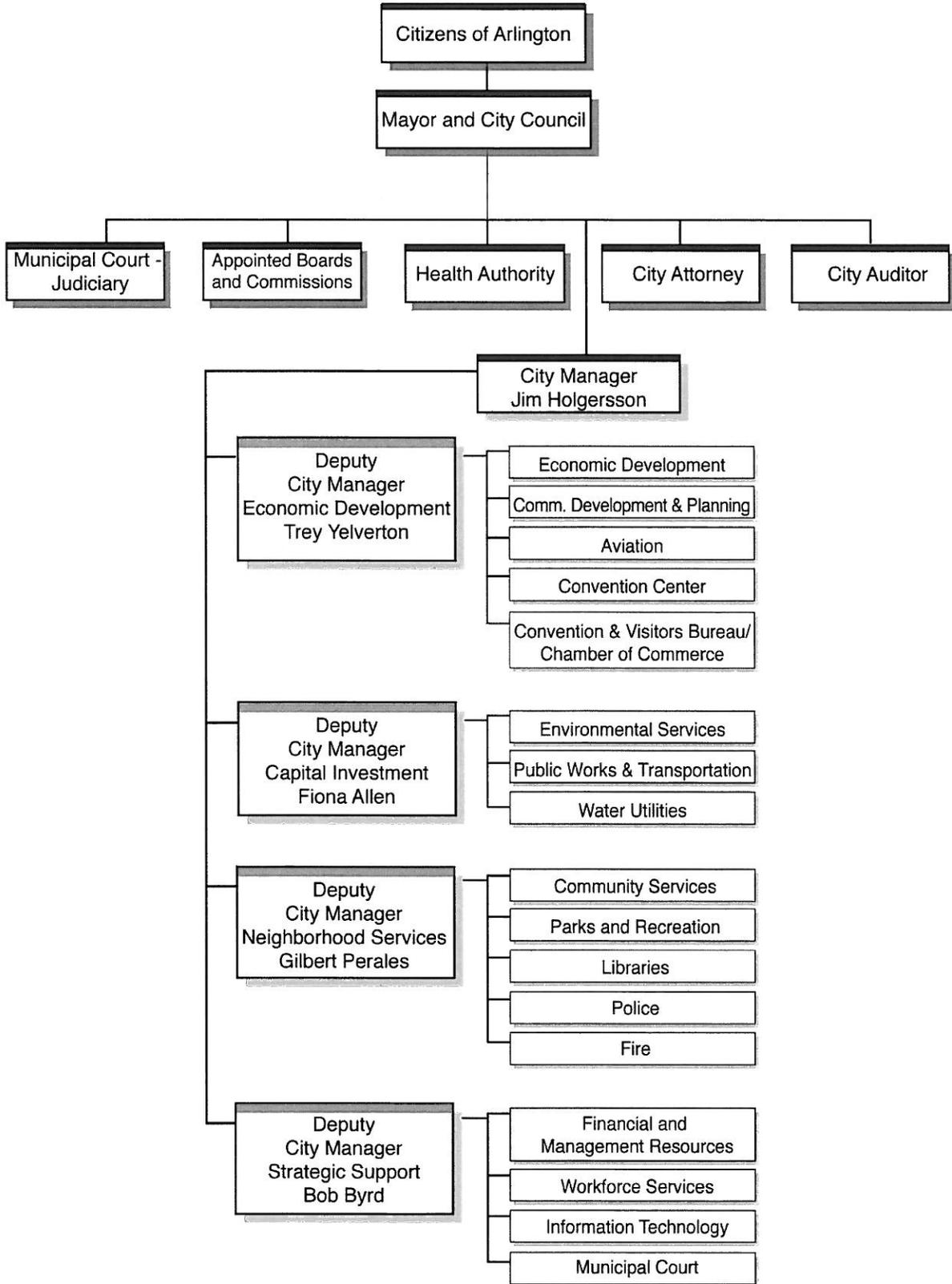
2009 Property Tax Rate



2009 Sales Tax



City of Arlington Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Arlington
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director

City of Arlington, Texas

City Council

Robert Cluck

Mayor

Term expires May 2011

Lana Wolff, District 5

Mayor Pro Tem

Term expires May 2011

Mel LeBlanc, District 1

Term expires May 2010

Sheri Capehart, District 2

Term expires May 2010

Robert Rivera, District 3

Term expires May 2011

Kathryn Wilemon, District 4

Deputy Mayor Pro Tem

Term expires May 2011

Robert Shepard, District 6 At Large

Term expires May 2010

Jimmy Bennett, District 7 At Large

Term expires May 2010

Gene Patrick, District 8 At Large

Term expires May 2011

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of Arlington, Texas (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Arlington's management. Our responsibility is to express an opinion on the respective financial statements based on our audit. We did not audit the financial statements of the Housing Authority of the City of Arlington, Texas, or the Arlington Convention and Visitors Bureau, Inc., which statements reflect total assets constituting 6.63% and 0.64%, respectively, of total discrete component unit assets as of September 30, 2009, and total program revenues constituting 80.71% and 13.69%, respectively, of total discrete component unit program revenues for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Arlington, Texas, and the Arlington Convention and Visitors Bureau, Inc., is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Arlington Convention and Visitors Bureau, Inc., were audited in accordance with auditing standards generally accepted in the United States of America, but were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate discretely presented component units, and the aggregate remaining fund information of the City of

Arlington, Texas, as of September 30, 2009, and the respective changes in financial position and respective cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, the Budgetary Comparison Schedule – General Fund, the Schedule of Funding Progress – TMRS, the Schedule of Funding Progress – Part-Time Deferred Income Trust, the Schedule of Funding Progress – Disability Income Plan, and the Schedule of Funding Progress – Postemployment Healthcare Plan are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the City of Arlington's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the respective financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and other schedules listed in the foregoing table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These financial statements and schedules are the responsibility of the City of Arlington's management. Such additional information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The introductory section and statistical section as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements for the City. This information is the responsibility of the City of Arlington's management. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

Deloitte & Touche LLP

March 1, 2010

CITY OF ARLINGTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

SEPTEMBER 30, 2009

This discussion and analysis of the City of Arlington's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2009. It should be read in conjunction with the accompanying letter of transmittal and financial statements.

FINANCIAL HIGHLIGHTS

- The City's net assets of governmental activities **increased** by \$338M (37.6%) this year, primarily because of a net increase in capital assets of \$375M. This increase in capital assets is primarily due to additional capitalized costs of construction on the Dallas Cowboys Complex Development Project (Cowboys Project). The City recorded an increase in construction costs of \$417M which included \$403M in contributions from the Cowboys Stadium, L. P. The stadium was completed in July 2009 and the cost of the completed stadium was moved from construction in progress to building and improvements.
- The City's **increase** in total net assets of \$420M for the year was \$273M higher than the increase last year. This variance is primarily attributable to a \$261M increase in contributions from the Cowboys Stadium, L. P. for construction of the Cowboys Project.
- The City's governmental funds reported combined ending fund balances of \$179M, a **decrease** of \$53M last year. This decrease is due to spending prior year's bond proceeds on current year capital outlay in the capital projects funds. \$21M was spent on street projects in the Street Capital Projects Fund. \$38M was spent on various capital projects in other non-major governmental funds.
- The 2009 General Fund unreserved fund balance was \$53M and unreserved and undesignated fund balance was \$3.7M. In 2008, the comparable balances were \$49M and \$.5M. Total unreserved and unreserved undesignated fund balance of \$53.1M is \$3.6M higher than last year primarily due to a lower reserve requirement for encumbrances of \$2.2M this year.
- Total debt of \$710.4M **decreased** \$19.5M during the year. Debt issues in 2009 include \$18M Water and Wastewater System Revenue bonds, \$14M Water and Wastewater System Revenue refunded bonds, and \$175M of Dallas Cowboys Complex special tax refunding bonds Series 2008 and Series 2009. Bond principal payments total \$219M on existing obligations. Debt is allocated 86% for general government, with the remaining 14% to water and wastewater activities.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's "basic financial statements" have three parts, government-wide financial statements, fund financial statements and notes to the financial statements. This is the

portion of the CAFR on which the auditors opine. The report also contains other supplementary information in addition to 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.

- **The Statement of Net Assets** presents information on all of the assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating. The Statement of Net Assets combines governmental funds' current financial resources (short-term spendable resources) with additional accruals, capital assets and long-term obligations. Other non-financial factors should also be taken into consideration to assess the overall health or financial condition of the City, such as changes in the City's property tax base and the condition of the City's infrastructure.
- **The Statement of Activities** shows how the net assets changed during the most recent year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. 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 not used vacation leave). Both the Statement of Net Assets and the Statement of Activities are prepared utilizing the accrual basis of accounting.

In the aforementioned statements, the City's business is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including police, fire, libraries, planning and development, public works and transportation, parks and recreation, and general administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here, as well as storm water utilities.
- **Component Units** – The City includes one blended component unit in its report – Arlington Property Finance Authority, Inc. The City includes six discretely presented component units in its report – Arlington Sports Facilities Development Authority, Inc., Arlington Housing Authority, Arlington Convention and Visitors Bureau, Arlington Housing Finance Corporation, Arlington Tomorrow Foundation, and Arlington Industrial Corporation. Although legally separate, these component units are important because the City is financially accountable for them.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationships or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are defined in a reconciliation following the fund financial statements.

The City maintains twenty-five individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, Streets Capital Projects Fund and the Stadium Venue Fund, all of which are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated 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 charges customers for water and sewer services and storm water runoff. These services are reported in enterprise funds, a type of proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The internal service funds, another component of proprietary funds, report activities that provide supplies and services for the City such as self-insurance and fleet maintenance functions.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

The City is the trustee, or fiduciary, for several funds, including the Part-Time Deferred Income Trust, Thrift Savings Plan, and Disability Income Plan, as well as certain amounts held on behalf of developers, property owners and others. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. While individual funds are provided in the report, the assets and activities of these funds are excluded from the City's government-wide financial statements, because the City cannot use these assets to finance its operations.

NOTES TO THE FINANCIAL STATEMENTS AND OTHER INFORMATION

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees.

THE CITY AS A WHOLE – Government-wide Financial Analysis

The City's combined net assets were \$1.8B as of September 30, 2009. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business-type activities net assets are \$560M. This analysis focuses on the net assets and changes in general revenues and significant expenses of the City's governmental and business-type activities.

By far the largest portion of the City's net assets (92.7%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

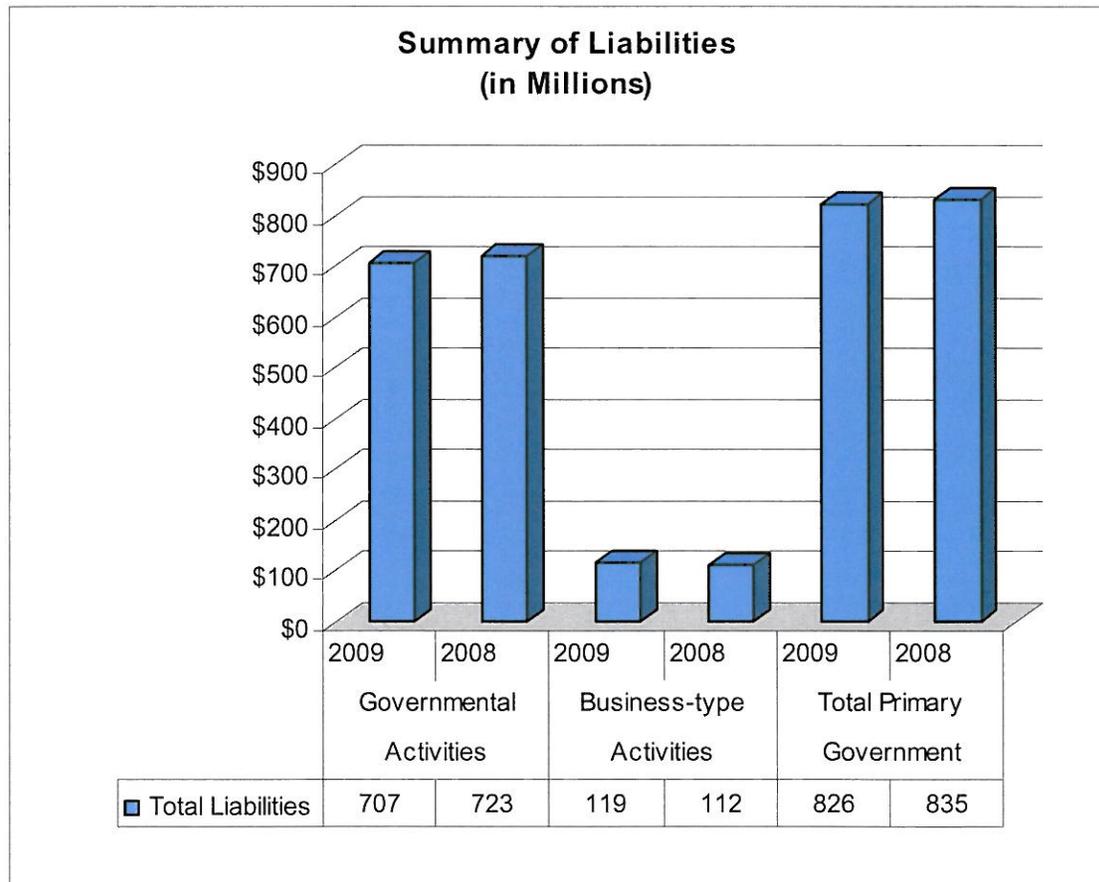
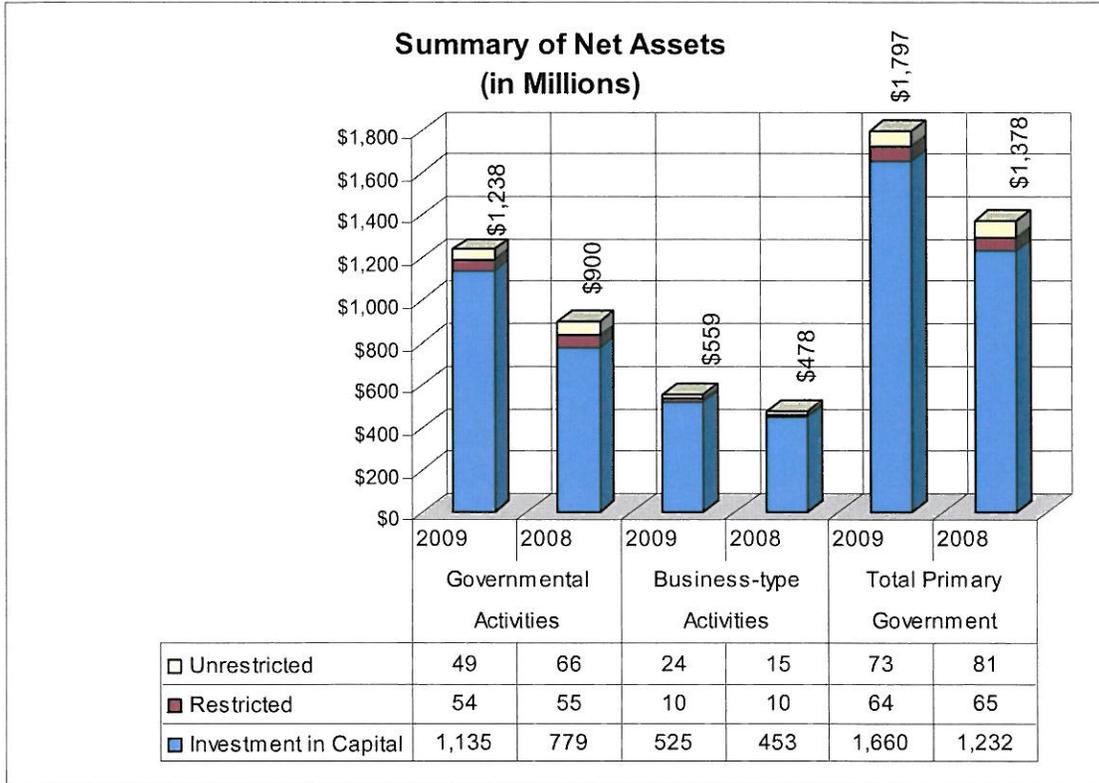


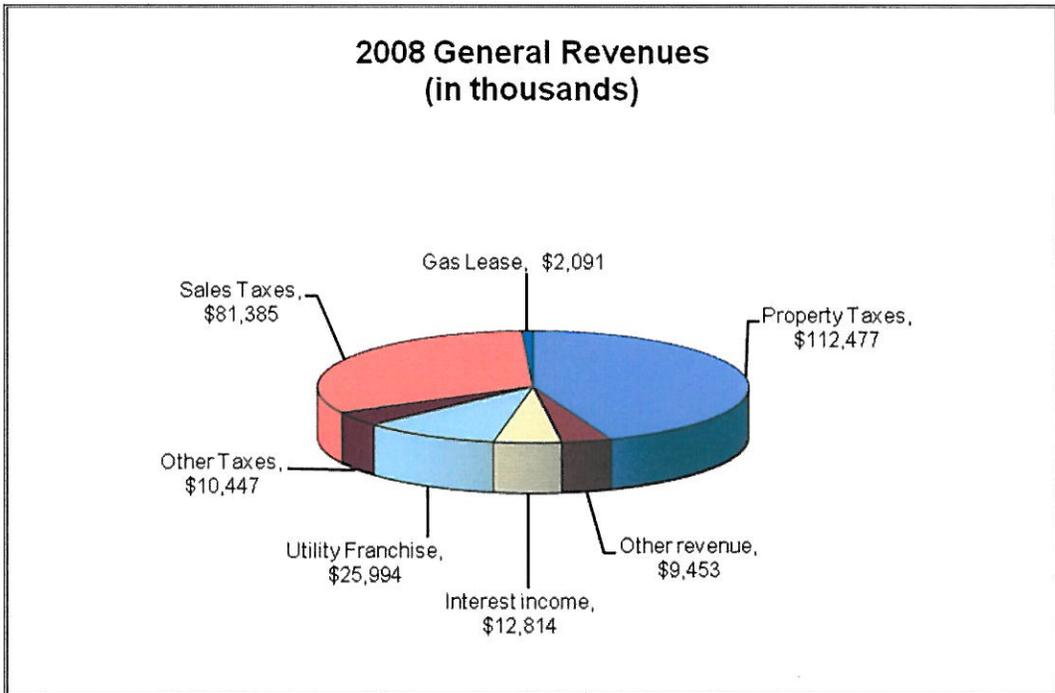
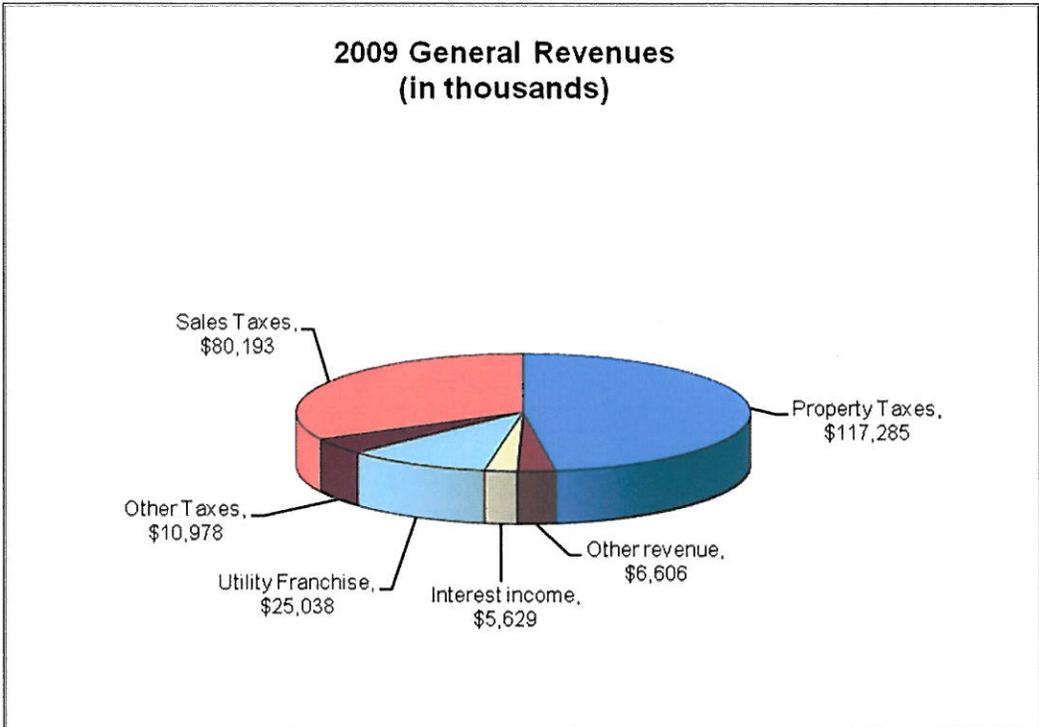
Table 1
 Summary of Net Assets
 (Amounts Expressed in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 279	\$ 332	\$ 88	\$ 94	\$ 367	\$ 426
Capital assets	1,665	1,291	590	496	2,255	1,787
Total assets	1,945	1,623	678	590	2,623	2,213
Long-term liabilities	616	613	92	84	708	697
Other liabilities	91	110	27	28	118	138
Total liabilities	707	723	119	112	826	835
Net assets:						
Invested in capital assets, net of related debt	1,135	779	525	453	1,660	1,232
Restricted	54	55	10	10	64	65
Unrestricted	49	66	24	15	73	81
Total net assets	\$1,238	\$ 900	\$ 559	\$ 478	\$ 1,797	\$ 1,378

Governmental Activities

The City's general revenues decreased 3.5% (\$8.9M) compared to the prior year. The primary reason for this decrease was a \$7.2M decrease in interest revenue mostly due to declining interest rates. The reclassification of gas lease income from general revenue in 2008 to program revenue of the general government in 2009 made up the balance of the decrease.

Property tax revenue increased \$4.8M due to increased property valuations and the addition of new property throughout the City. The assessed value of the property in the City increased by \$656M or 4% while the property tax rate of \$0.6480 per \$100 assessed valuation remained the same as in 2008.



Governmental and Business-type activities increased the City's net assets by \$338M and \$81.4M, respectively. The key elements of these increases are:

CITY OF ARLINGTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
SEPTEMBER 30, 2009

Table 2
Changes in Net Assets
(Amounts Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues:						
Program Revenues:						
Charges for services	\$51,829	\$45,232	\$ 115,144	\$102,324	\$ 166,973	\$ 147,556
Operating grants and contributions	24,578	20,787	-	-	24,578	20,787
Capital grants and contributions	411,788	145,029	2,018	2,622	413,806	147,651
General Revenues:						
Taxes	208,456	204,309	-	-	208,456	204,309
Utility franchise fees	25,038	25,994	-	-	25,038	25,994
Gas lease income	-	2,091	-	-	-	2,091
Interest income	5,629	12,814	1,581	2,196	7,210	15,010
Other	6,606	9,453	183	(49)	6,789	9,404
Total revenues	733,924	465,709	118,926	107,093	852,850	572,802
Expenses:						
General government	40,403	43,788	-	-	40,403	43,788
Public safety	128,219	123,587	-	-	128,219	123,587
Public works	94,171	84,115	-	-	94,171	84,115
Public health	2,406	1,920	-	-	2,406	1,920
Parks and recreation	28,228	28,027	-	-	28,228	28,027
Public welfare	10,213	39,282	-	-	10,213	39,282
Convention and event services	6,299	6,533	-	-	6,299	6,533
Interest and fiscal charges	42,485	26,624	-	-	42,485	26,624
Water and sewer	-	-	80,808	71,929	80,808	71,929
Total expenses	352,424	353,876	80,808	71,929	433,232	425,805
Increase in net assets before transfers	381,500	111,833	38,118	35,164	419,618	146,997
Transfers & capital contributions	(43,278)	12,462	43,278	(12,462)	-	-
Increase in net assets	338,222	124,295	81,396	22,702	419,618	146,997
Net Assets, October 1,	899,993	775,698	477,809	455,107	1,377,802	1,230,805
Net Assets, September 30	\$ 1,238,215	\$ 899,993	\$ 559,205	\$ 477,809	\$ 1,797,420	\$ 1,377,802

Revenue increases of \$266.8M in capital grants and contributions were primarily the result of an increase in contributions from the Cowboys Stadium, L. P. for construction of the Cowboys Project.

Expense increases in public works of \$10M were primarily attributable to increased capital projects activity in the City's entertainment district.

Expense increases in public safety of \$4.6M were due primarily to an increase in expenses for maintenance of vehicles and information technology charges for server support.

Expense decreases in public welfare of \$29.1M were primarily the result of a one-time contribution expensed in 2008 of gas lease bonus proceeds to the Arlington Tomorrow Foundation.

Expense increases in interest and fiscal charges of \$15.9M were primarily attributable to swap termination fees on the refunding of the Dallas Cowboys Complex Special Obligation Bonds, Series 2005B.

Revenue and expense variances in business activities (Water and Wastewater/Storm Water Utility) were due to the addition of a new enterprise fund-Storm Water Utility.

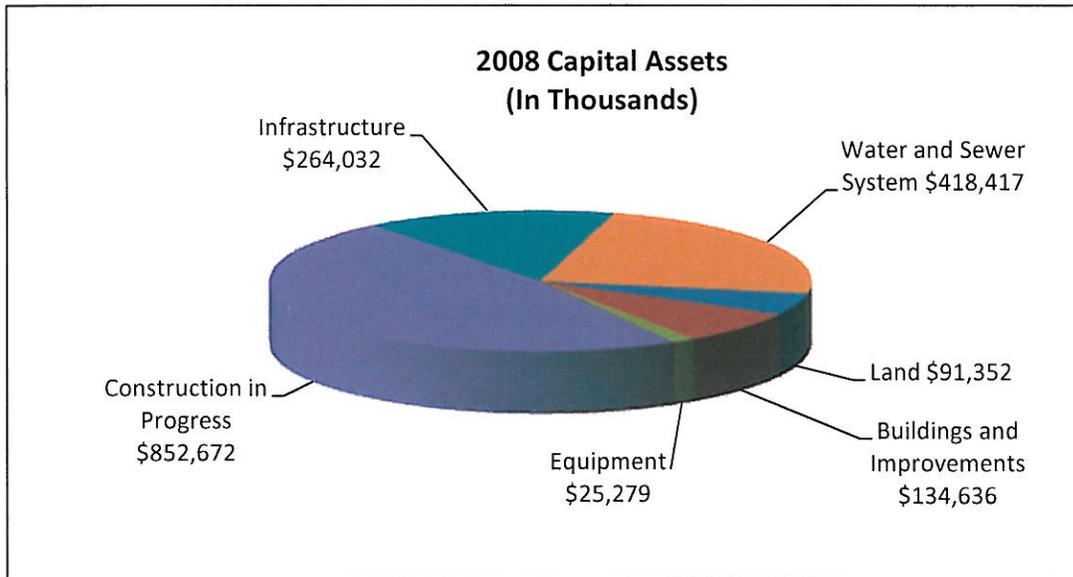
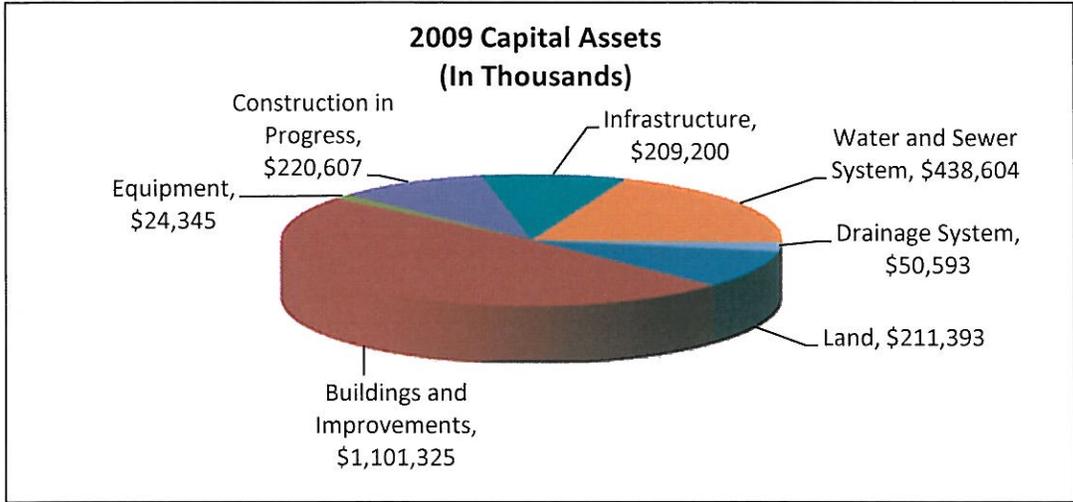
CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2009, the City had \$2.26B invested in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of \$470M or 26% over the prior fiscal year. The \$470M increase combines a \$375M increase in Governmental Activities with a \$95M increase in Business-type Activities. The increase in Governmental Activities is mostly due to \$417M in capital outlay related to the Cowboys Project. The stadium was completed in July 2009 and \$1.1B was transferred from construction in progress to buildings and improvements. The stadium is being depreciated over a period of 45 years. The increase in Business-type Activities is due to increased capital outlays for the water and sewer system offset by a \$55M transfer from governmental to proprietary funds for the Storm Water Utility fund. Footnote 5 in the notes to the financial statements provides more detailed information regarding the City's capital asset activity.

**Table 3
Capital Assets, net of Accumulated Depreciation
(In Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 204,698	\$ 84,922	\$ 6,695	\$ 6,430	\$ 211,393	\$ 91,352
Buildings and improvements	1,099,619	132,873	1,706	1,763	1,101,325	134,636
Equipment	23,223	24,733	1,122	546	24,345	25,279
Construction in progress	128,913	784,129	91,694	68,543	220,607	852,672
Infrastructure	209,200	264,032	-	-	209,200	264,032
Drainage system	-	-	50,593	-	50,593	-
Water and sewer system	-	-	438,604	418,417	438,604	418,417
Totals	\$1,665,653	\$1,290,689	\$ 590,414	\$ 495,699	\$ 2,256,067	\$ 1,786,388

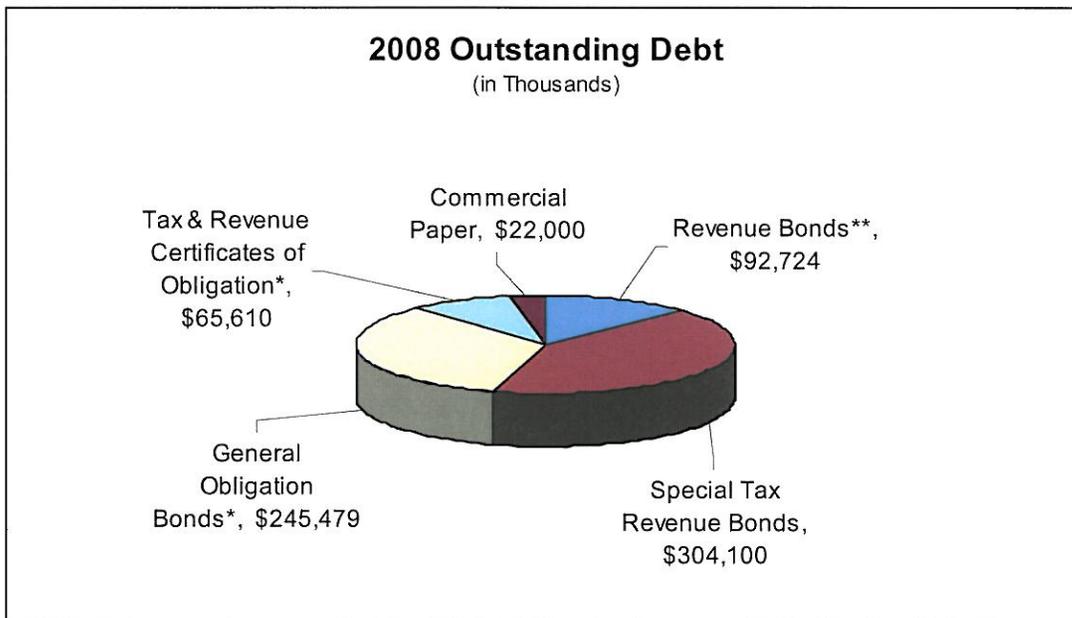
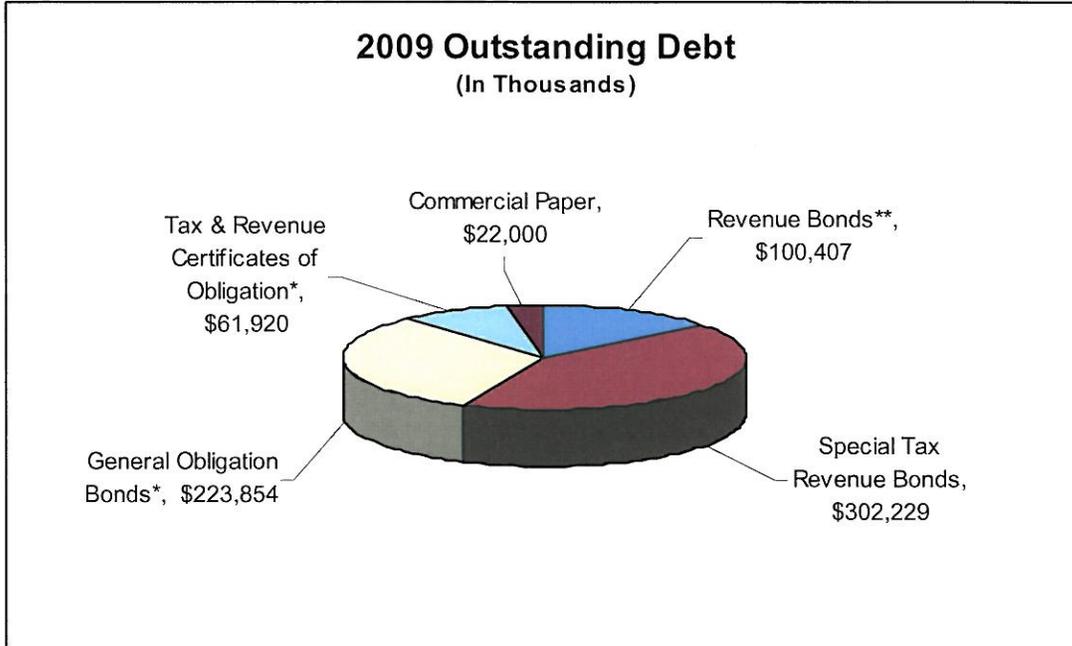


Major capital asset additions during the fiscal year, other than the Cowboys Project include the following:

- Private developer capital contributions of \$2M to the City's water, sewer, and drainage infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion totaling \$50M
- A variety of storm drainage and street construction projects with capital outlay totaling \$47M
- Various capital outlays totaling \$5M for improvement of the City's parks and recreation facilities
- Various capital outlays of \$2M for police and fire public safety improvements

Debt

At year-end, the City had \$710.4M in debt, a decrease of \$19.5M from 2008.



*Secured by City Tax Base

**Secured by Water and Sewer Revenue

Table 4
Outstanding Debt
(Amounts Expressed In Thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
General obligation bonds (backed by the City)	\$ 223,854	\$ 245,479	\$ -	\$ -	\$ 223,854	\$ 245,479
Combination tax and revenue certificates of obligation (backed by the City)	61,920	65,610	-	-	61,920	65,610
Commercial Paper	22,000	22,000	-	-	22,000	22,000
Special tax revenue bonds	302,229	304,100	-	-	302,229	304,100
Revenue bonds (backed by fee revenues)	-	-	100,407	92,724	100,407	92,724
Totals	\$ 610,003	\$ 637,189	\$ 100,407	\$ 92,724	\$ 710,410	\$ 729,913

During the current fiscal year, the City issued \$175M of Dallas Cowboys Complex Special Tax Refunding Bonds, Series 2008 and Series 2009. The City also issued \$18M in Water and Wastewater System revenue bonds for the purpose of expanding the water treatment plant. The City issued \$13.8M in Water and Wastewater system Revenue Refunding Bonds for the purpose of refunding \$14.2M. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

In 2009, the City maintained its AA+ rating by Standard and Poor's Corporation on its tax supported debt. The City maintained its AA rating from Fitch, Inc. and its Aa2 rating from Moodys Investor Services. The City also has an AA rating from Standard and Poor's Corporation, an Aa3 rating from Moodys Investor Service and an AA+ from Fitch, Inc. on its outstanding water and wastewater revenue bonds. The ratings on the Cowboys Complex Special Obligations are rated A2 by Moody's and AA by Standard and Poor's.

General bonded debt per capita went from \$835 in 2008 to \$827 in 2009.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of net bonded debt to assessed value of all taxable property is 1.56%.

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 \$500,000 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. Claim liability was \$9.9M in 2009 compared to \$8M in 2008.

DALLAS COWBOYS COMPLEX DEVELOPMENT PROJECT

The Stadium Complex opened in July 2009, with the 2009 football season being played in Arlington.

In February of 2005, the City, as landlord, and the Cowboys Stadium, L.P., as tenant, entered into a funding and closing agreement for the Dallas Cowboys Complex Development Project. Pursuant to the agreement, the City paid \$325M, to build the Complex. In July of 2005, the City issued \$298M Dallas Cowboy Complex Special Obligations Series A, B, and C, pledging one-half cent sales tax, 2% hotel occupancy tax and 5% car rental tax. The 2005B bonds were refunded partially by Series 2008 in November of 2008 and the remainder was refunded by Series 2009 in April of 2009. The proceeds of debt issuance, along with interest earnings, and revenues from the pledged taxes, which are not required for debt service, provide the City's funding for the Complex.

As part of the closing agreement, the City entered into a lease agreement with the Cowboys Stadium, L.P. (tenant) for lease of the Complex. The lease calls for an initial term of 30 years at a rental rate of \$2M per year and contains several renewal options. The lease 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 equal to 5% of the net naming rights revenue, if any, received by the tenant capped at \$500,000 per year.

In July of 2006, \$148M Dallas Cowboy Complex Admissions and Parking Tax Revenue Bonds, Taxable Series 2006 were issued with a pledge of a 10% admissions tax and a \$3 parking tax for events held at the Cowboys Complex, with security provided by a Guaranty Agreement from The Cowboys Stadium L.P. The proceeds of the bond sale, along with interest earnings, provided a portion of the Cowboy's funding for the project. The 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. The bonds do not constitute a debt or pledge of the faith and credit of the City and are not reported as a liability in the City's financial statements but are disclosed as conduit debt.

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 all of the team's home games in the Complex for a minimum of 30 years with four ten-year renewal options.

THE CITY'S FUNDS

The governmental funds of the City reported a combined fund balance of \$179M. The General fund balance was \$58.3M and the Debt Service fund balance was \$48.9M, both substantially unchanged from last year. Other changes in fund balances should be noted:

- The City recorded a contribution for \$403M from the Cowboys Stadium, L.P. and expended \$417M for the Cowboys Project, contributing to a net decrease in fund balance of \$7.6M in the Stadium Venue Fund. This fund was created to account for the construction for the Cowboys Stadium Complex Project which was completed in July 2009.

- The City spent \$21M in capital outlay in the Street Capital Projects fund, down \$3M from last year. The decrease is due to lower spending on existing street projects.
- The City's water and sewer fund net assets of \$498M increased by \$20.3M over the prior year net asset balance. The increase in net assets is primarily due to operating revenues exceeding operating expenses by \$32.5M.
- The Storm Water Utility fund is a new proprietary fund created to address the City's need to manage the issues associated with storm water runoff. Capital assets totaling \$55M were transferred from governmental activities to the new fund. Fund balance was \$61.5M at September 30, 2009.

GENERAL FUND BUDGET HIGHLIGHTS

There were no General Fund budget amendments in 2009.

Actual expenditures on a budgetary basis of \$194.3M were less than budgeted expenditures of \$198.5M. Lower than budgeted spending in public works accounted for the difference.

Actual revenues on a budgetary basis were \$199M, equaled the budgeted amount of \$199M.

ECONOMIC FACTORS AND FISCAL YEAR 2010

The City's elected and appointed officials considered many factors when setting the fiscal year 2010 budget, tax rates, and fees that will be charged for the business-type activities. The City is seeing a mixed future revenue picture and continues an ongoing diligent examination of expenditures. This combination supports an environment of guarded watchfulness for fiscal 2010. The City is experiencing slight positive economic growth. Assessed property tax values continue to grow, but at a slower rate than previous years. Sales tax revenues had stabilized but are showing weakening trends in early 2010.

In 2010, the City continues to face short-term budgetary challenges and has made an effort to identify areas where resources can be reallocated, not added. The City's total General Fund revenues for 2010 are budgeted at \$197M, down \$2M from 2009, while total General Fund expenditures are \$195M down \$3M for the year

The General Fund's largest single revenue source is property taxes. This revenue represents 40% of the General Fund budget. The property tax rate for 2010 is \$0.6480 per \$100 valuation, unchanged since 2004. The tax rate is allocated 69% for General Fund activities, with the remaining 31% for debt service.

The General Fund property tax revenue for 2010 is estimated to be \$79M down \$1M or 1.25% compared to last year. The City's portion of the sales tax rate is one and three-quarter cents. The General Fund receives one cent, one-quarter cent is dedicated to the Street Maintenance Fund, and one-half cent provides for the debt service for the Cowboy Project debt. Sales tax revenue for the General Fund for fiscal year 2010 is estimated at \$46M, down \$2M from last year.

The largest revenue sources for the Water and Sewer Fund is water sales and wastewater treatment budgeted at \$105M. The City maintains a rate structure designed to ensure that each category of service is self supporting.

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 show the City's fiscal accountability. If you have questions about this report or need additional financial information, contact Assistant Director of Financial Operations, Sherry Wright (sherry.wright@arlingtontx.gov) in the Financial and Management Resources Department, at the City of Arlington, 101 S. Mesquite St., Suite 800, Arlington, TX 76010. The City is also an active member of MSRB's Electronic Municipal Market Access (EMMA), which keeps the Arlington CAFR on file. Additionally, the CAFR can be found on the City's website at <http://www.ci.arlington.tx.us>.

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 224,973	\$ 18,588	\$ 243,561	\$ 16,094
Investments	3,099	-	3,099	46,342
Receivables (net of allowance for uncollectibles):				
Taxes	4,625	-	4,625	-
Sales taxes	14,168	-	14,168	-
Grants	-	-	-	83
Leases	-	-	-	17,221
Trade accounts	147	8,463	8,610	-
Franchise fees	6,359	-	6,359	-
Unbilled trade accounts	-	6,848	6,848	-
Special assessments	192	-	192	-
Accrued interest	2,074	-	2,074	636
Settlement agreement	-	-	-	10,507
Other	3,815	43	3,858	50
Internal balances	343	(343)	-	-
Due from other governments	4,989	-	4,989	-
Deferred charge - issuance costs	6,893	-	6,893	-
Inventory of supplies	872	460	1,332	-
Prepaid expenses	406	-	406	8
Net other post employment benefit asset	109	-	109	-
Restricted assets-				
Bond contingency-				
Investments	-	11,791	11,791	-
Accrued interest receivable	-	56	56	-
Capital construction-				
Investments	-	37,393	37,393	-
Assessments receivable	-	4	4	-
Meter deposits-				
Investments	-	4,888	4,888	-
Closure/Post-closure trust fund				
Investments	6,292	-	6,292	-
Capital Assets-				
Land	204,698	6,695	211,393	-
Buildings and improvements	1,195,432	2,833	1,198,265	2,739
Water and sewer system	-	633,984	633,984	-
Machinery and equipment	73,469	11,121	84,590	1,516
Infrastructure	738,414	-	738,414	-
Drainage systems	-	77,221	77,221	-
Construction in progress	128,913	91,694	220,607	-
Accumulated depreciation	(675,273)	(233,134)	(908,407)	(2,546)
Total Assets	\$ 1,945,009	\$ 678,605	\$ 2,623,614	\$ 92,650

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2009
(CONTINUED)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable and accrued liabilities	\$ 18,410	\$ 5,131	\$ 23,541	\$ 1,073
Retainage payable	2,459	-	2,459	-
Accrued interest	1,731	-	1,731	-
Unearned revenue	9,418	-	9,418	3,707
Commercial paper	22,000	-	22,000	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	3,210	3,210	-
Retainage payable	-	2,269	2,269	-
Accrued interest	-	1,481	1,481	-
Meter deposits	-	4,888	4,888	-
Non-current liabilities				
Due within one year:				
Estimated claims payable	5,485	-	5,485	-
Sales tax payable	149	-	149	74
General obligation and certificates of obligation debt	23,880	-	23,880	-
Special tax revenue debt	5,230	-	5,230	-
Accrued compensated absences	1,481	147	1,628	-
Capital lease obligation	326	-	326	-
Revenue bonds	-	9,990	9,990	-
Due in more than one year:				
Arbitrage rebate	193	-	193	-
Estimated claims payable	4,263	-	4,263	-
Sales tax payable	336	-	336	166
Net other post-employment benefit obligation	11,328	-	11,328	-
Net pension obligation	7,288	-	7,288	-
General obligation and certificates of obligation debt	261,894	-	261,894	-
Special tax revenue debt	296,999	-	296,999	-
Landfill closure accrued liabilities	6,292	-	6,292	-
Accrued compensated absences	27,207	1,867	29,074	-
Capital lease obligation	425	-	425	-
Revenue bonds	-	90,417	90,417	-
Total Liabilities	706,794	119,400	826,194	5,020
NET ASSETS				
Invested in capital assets, net of related debt	1,134,428	525,131	1,659,559	1,706
Restricted for debt service	48,685	10,310	58,995	-
Restricted for use of impact fees	5,801	-	5,801	-
Restricted for endowments	-	-	-	52,551
Unrestricted	49,301	23,764	73,065	33,373
Total Net Assets	\$ 1,238,215	\$ 559,205	\$ 1,797,420	\$ 87,630

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, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 40,403	\$ 19,017	\$ 8,594	\$ 57
Public safety	128,219	16,440	7,377	-
Public works	94,171	1,116	708	7,742
Public health	2,406	2,707	243	-
Parks and recreation	28,228	9,835	74	403,989
Public welfare	10,213	179	7,582	-
Convention and event services	6,299	2,535	-	-
Interest and fiscal charges	42,485	-	-	-
Total Governmental Activities	352,424	51,829	24,578	411,788
Business-Type Activities:				
Water and sewer	77,130	108,224	-	2,018
Storm water utility	3,678	6,920	-	-
Total Business-Type Activities	80,808	115,144	-	2,018
Total Primary Government	\$ 433,232	\$ 166,973	\$ 24,578	\$ 413,806
Component Units:				
Arlington Sports Facilities Development Authority, Inc.	\$ 3,221	\$ 1,510	\$ -	\$ -
Arlington Housing Authority	25,558	-	22,737	-
Arlington Convention and Visitors Bureau	4,152	3,858	-	-
Arlington Tomorrow Foundation	1,101	15,102	-	-
Arlington Housing Finance Corporation	50	-	67	-
Total Component Units	\$ 34,082	\$ 20,470	\$ 22,804	\$ -

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

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (12,735)	\$ -	\$ (12,735)	\$ -
(104,402)	-	(104,402)	-
(84,605)	-	(84,605)	-
544	-	544	-
385,670	-	385,670	-
(2,452)	-	(2,452)	-
(3,764)	-	(3,764)	-
(42,485)	-	(42,485)	-
<u>135,771</u>	<u>-</u>	<u>135,771</u>	<u>-</u>
-	33,112	33,112	-
-	3,242	3,242	-
-	36,354	36,354	-
<u>\$ 135,771</u>	<u>\$ 36,354</u>	<u>\$ 172,125</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (1,711)
-	-	-	(2,821)
-	-	-	(294)
-	-	-	14,001
-	-	-	17
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,192</u>
117,285	-	117,285	-
80,193	-	80,193	-
417	-	417	-
1,136	-	1,136	-
106	-	106	-
3,109	-	3,109	-
6,210	-	6,210	-
25,038	-	25,038	-
5,629	1,581	7,210	3,099
1,837	183	2,020	281
4,769	-	4,769	1,403
(43,278)	43,278	-	-
<u>202,451</u>	<u>45,042</u>	<u>247,493</u>	<u>4,783</u>
<u>338,222</u>	<u>81,396</u>	<u>419,618</u>	<u>13,975</u>
<u>899,993</u>	<u>477,809</u>	<u>1,377,802</u>	<u>73,655</u>
<u>\$ 1,238,215</u>	<u>\$ 559,205</u>	<u>\$ 1,797,420</u>	<u>\$ 87,630</u>

**CITY OF ARLINGTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>General</u>	<u>Debt Service</u>	<u>Stadium Venue</u>
ASSETS			
Cash and cash equivalents	\$ 54,162	\$ 44,055	\$ 365
Closure/Post-closure restricted cash	6,292	-	-
Receivables (net of allowance for uncollectibles)			
Taxes	2,883	420	-
Sales taxes	8,080	4,059	-
Franchise fees	6,359	-	-
Special assessments	-	-	-
Accrued interest	1,593	457	-
Other	2,921	-	-
Due from other funds	4,130	-	-
Due from other governments	-	-	-
Inventory of supplies, at cost	583	-	-
Prepaid expenditures	252	-	-
Total Assets	<u>\$ 87,255</u>	<u>\$ 48,991</u>	<u>\$ 365</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 11,066	\$ 306	\$ 213
Retainage payable	-	-	-
Due to other funds	-	-	-
Deferred revenue-			
Taxes	2,610	-	-
Closure/Post-closure trust fund	6,292	-	-
Landfill	7,088	-	-
Gas lease	-	-	-
Other	1,918	-	-
Commercial paper	-	-	-
Total Liabilities	<u>28,974</u>	<u>306</u>	<u>213</u>
Fund Balances:			
Reserved for encumbrances	3,780	-	-
Reserved for debt service	-	48,685	-
Reserved for inventory	583	-	-
Reserved for prepaids	252	-	-
Reserved for capital projects	-	-	152
Reserved for street maintenance	-	-	-
Reserved for utility rate case	500	-	-
Reserved for court technology	-	-	-
Reserved for juvenile case manager	-	-	-
Unreserved-			
General fund			
Designated for working capital	16,219	-	-
Designated for subsequent years' expenditures	5,839	-	-
Designated for arbitrage	193	-	-
Designated for compensated absences	1,464	-	-
Designated for other post employment benefits	1,718	-	-
Designated for future initiatives	21,487	-	-
Designated for dispatch	137	-	-
Designated for group health	2,446	-	-
Undesignated	3,663	-	-
Special revenue funds			
Designated for working capital	-	-	-
Designated for hotel feasibility	-	-	-
Designated for capital maintenance	-	-	-
Designated for neighborhood grants	-	-	-
Designated for innovation/venture	-	-	-
Designated for reimbursement	-	-	-
Undesignated	-	-	-
Total Fund Balances	<u>58,281</u>	<u>48,685</u>	<u>152</u>
Total Liabilities and Fund Balances	<u>\$ 87,255</u>	<u>\$ 48,991</u>	<u>\$ 365</u>

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

Street Capital Projects	Other Nonmajor Funds	Total Governmental Funds
\$ 31,939	\$ 71,492	\$ 202,013
-	-	6,292
-	1,322	4,625
-	2,029	14,168
-	-	6,359
192	-	192
-	-	2,050
-	894	3,815
-	-	4,130
-	4,989	4,989
-	206	789
-	-	252
<u>\$ 32,131</u>	<u>\$ 80,932</u>	<u>\$ 249,674</u>

\$ 1,072	\$ 5,263	\$ 17,920
1,318	1,141	2,459
-	4,130	4,130
-	-	2,610
-	-	6,292
-	-	7,088
-	407	407
192	5,393	7,503
17,000	5,000	22,000
<u>19,582</u>	<u>21,334</u>	<u>70,409</u>

10,346	23,607	37,733
-	-	48,685
-	206	789
-	-	252
2,203	19,900	22,255
-	5,763	5,763
-	-	500
-	162	162
-	228	228
-	-	16,219
-	-	5,839
-	-	193
-	-	1,464
-	-	1,718
-	-	21,487
-	-	137
-	-	2,446
-	-	3,663
-	2,045	2,045
-	200	200
-	611	611
-	389	389
-	1,728	1,728
-	1,833	1,833
-	2,926	2,926
<u>12,549</u>	<u>59,598</u>	<u>179,265</u>
<u>\$ 32,131</u>	<u>\$ 80,932</u>	<u>\$ 249,674</u>

CITY OF ARLINGTON, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

Total fund balance per balance sheet \$ 179,265

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excluding \$13,322 recorded in the internal service funds). 1,652,331

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

	<u>Deferred & Unearned</u>	<u>Unearned</u>	
Taxes	\$ 2,610	\$ -	
Closure/Post-closure	6,292	-	
Landfill	7,088	7,088	
Gas lease	407	407	
Grant revenue	4,853	1,923	
Other	<u>2,650</u>	<u>-</u>	
	23,900	9,418	14,482

Internal service funds are used by management to charge the cost of fleet services, general services, APFA, technology services, workers' compensation and group health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 29,209

Long-term liabilities, including bonds payable, arbitrage and compensated absences, are not due and payable in the current period and therefore, are not reported in the funds (excluding \$10,433 recorded in the internal service funds).

Bonds payable		\$ (587,080)	
Less: Deferred charge for issuance costs (to be amortized as interest expense)		6,893	
Premium general obligation debt		(9,597)	
Discount on bonds		3,986	
Deferred loss refunding		4,688	
Accrued interest payable		(1,731)	
Arbitrage rebate		(193)	
Sales tax payable		(485)	
Landfill closure		(6,292)	
Compensated absences		(28,430)	
Net other post-employment benefit obligation		(11,219)	
TMRS net pension obligation		(7,288)	
Capital leases		<u>(324)</u>	(637,072)

Net assets of governmental activities \$ 1,238,215

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, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Stadium Venue	Streets Capital Projects
REVENUES				
Taxes	\$ 127,404	\$ 61,847	\$ -	\$ -
Licenses and permits	5,881	-	-	-
Utility franchise fees	25,038	-	-	-
Fines and forfeitures	12,949	-	-	-
Leases, rents and concessions	9,020	667	-	-
Service charges	4,371	-	-	-
Interest revenue	1,508	897	20	1,030
Net increase in fair value of investments	346	964	-	151
Contributions	-	-	403,496	7,469
Intergovernmental revenues	-	-	8,426	-
Gas lease	-	-	-	-
Other	827	105	-	-
Total Revenues	<u>187,344</u>	<u>64,480</u>	<u>411,942</u>	<u>8,650</u>
EXPENDITURES				
Current-				
General government	34,513	-	-	-
Public safety	116,517	-	-	-
Public works	25,118	-	-	-
Public health	1,892	-	-	-
Public welfare	-	-	-	-
Parks and recreation	13,572	-	255	-
Convention and event services	-	-	-	-
Capital outlay	-	-	417,157	20,692
Debt service-				
Principal retirement	-	30,180	-	-
Interest and fiscal charges	-	48,672	-	-
Total Expenditures	<u>191,612</u>	<u>78,852</u>	<u>417,412</u>	<u>20,692</u>
Deficiency of revenues under expenditures	<u>(4,268)</u>	<u>(14,372)</u>	<u>(5,470)</u>	<u>(12,042)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	-	-	-	-
Proceeds from refunding bond issue	-	175,005	-	-
Amount used to fund escrow account	-	(164,265)	-	-
Bond discount	-	(4,130)	-	-
Transfers in	16,606	6,173	-	-
Transfers out	(10,246)	-	(2,148)	(1,790)
Total Other Financing Sources and Uses	<u>6,360</u>	<u>12,783</u>	<u>(2,148)</u>	<u>(1,790)</u>
Net Change in Fund Balances	2,092	(1,589)	(7,618)	(13,832)
Fund Balances, October 1,	56,189	50,274	7,770	26,381
Fund Balances, September 30	<u>\$ 58,281</u>	<u>\$ 48,685</u>	<u>\$ 152</u>	<u>\$ 12,549</u>

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

Other Nonmajor Funds	Total Governmental Funds
\$ 19,505	\$ 208,756
-	5,881
-	25,038
-	12,949
-	9,687
13,402	17,773
1,998	5,453
289	1,750
823	411,788
13,818	22,244
4,430	4,430
3,299	4,231
<u>57,564</u>	<u>729,980</u>
1,637	36,150
7,907	124,424
16,656	41,774
395	2,287
10,142	10,142
10,513	24,340
6,299	6,299
38,300	476,149
-	30,180
-	48,672
<u>91,849</u>	<u>800,417</u>
<u>(34,285)</u>	<u>(70,437)</u>
201	201
-	175,005
-	(164,265)
-	(4,130)
14,728	37,507
<u>(12,758)</u>	<u>(26,942)</u>
<u>2,171</u>	<u>17,376</u>
(32,114)	(53,061)
91,712	232,326
<u>\$ 59,598</u>	<u>\$ 179,265</u>

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, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

Net change in fund balance - total governmental funds \$ (53,061)

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. 421,989

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. (47,546)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,463

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Interest on bond payoff	(232)	
Repayment of general obligation debt	30,180	
Repayment of capital lease	441	
Amortization of deferred loss on bond refunding	(679)	
Amortization of bond premium	859	
	<u>30,569</u>	

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

Compensated absences	(509)	
Arbitrage	(10)	
Accrued interest expense	777	
Post-employment benefit obligation expense	(6,447)	
TMRS net pension obligation	(7,288)	
Amortization of issuance cost	(324)	
Sales tax	149	
	<u>(13,652)</u>	

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. (2,540)

Change in net assets of governmental activities \$ 338,222

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Non-Major Fund Storm Water Utility	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 12,077	\$ 6,511	\$ 18,588	\$ 22,960
Investments	-	-	-	3,099
Receivables (net of allowances for uncollectibles):				
Trade accounts	7,921	542	8,463	147
Unbilled trade accounts	6,437	411	6,848	-
Accrued interest	-	-	-	24
Other	43	-	43	-
Inventory of supplies, at cost	460	-	460	83
Prepaid expenses	-	-	-	154
Subtotal	26,938	7,464	34,402	26,467
Restricted Assets:				
Bond contingency-cash and cash equivalents	8,655	-	8,655	-
Capital construction-cash and cash equivalents	18,483	-	18,483	-
Total Current Assets	54,076	7,464	61,540	26,467
Non-Current Assets:				
Restricted Assets:				
Bond contingency-				
Investments	3,136	-	3,136	-
Accrued interest	56	-	56	-
Capital construction-				
Investments	18,910	-	18,910	-
Assessments receivable	4	-	4	-
Meter deposit investments	4,888	-	4,888	-
Capital Assets:				
Land	6,695	-	6,695	-
Buildings and improvements	2,833	-	2,833	467
Water and sewer system	633,984	-	633,984	-
Machinery and equipment	11,121	-	11,121	39,482
Drainage system	-	77,221	77,221	-
Construction-in-progress	88,005	3,689	91,694	-
Accumulated depreciation	(206,506)	(26,628)	(233,134)	(26,627)
Total Capital Assets Net of Accumulated Depreciation	536,132	54,282	590,414	13,322
Total Noncurrent Assets	563,126	54,282	617,408	13,322
Total Assets	\$ 617,202	\$ 61,746	\$ 678,948	\$ 39,789

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

(continued)

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2009
(CONTINUED)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Non-Major Fund Storm Water Utility	Total	
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 5,077	\$ 54	\$ 5,131	\$ 490
Accrued compensated absences	147	-	147	15
Revenue bonds payable from unrestricted assets	6,660	-	6,660	-
Capital lease obligation	-	-	-	235
Current Liabilities Payable From Restricted Assets:				
Accounts payable and accrued liabilities	3,210	-	3,210	-
Retainage	2,229	40	2,269	-
Accrued interest	1,481	-	1,481	-
Estimated claims payable	-	-	-	5,485
Revenue bonds payable	3,330	-	3,330	-
Meter deposits	4,888	-	4,888	-
Total Current Liabilities	27,022	94	27,116	6,225
Noncurrent Liabilities:				
Estimated claims payable	-	-	-	4,263
Compensated absences	1,698	169	1,867	243
Revenue bonds payable from unrestricted assets	90,417	-	90,417	-
Capital lease obligation	-	-	-	192
Total Noncurrent Liabilities	92,115	169	92,284	4,698
Total Liabilities	119,137	263	119,400	10,923
NET ASSETS				
Invested in capital assets, net of related debt	470,889	54,242	525,131	12,895
Restricted for debt service	10,310	-	10,310	-
Unrestricted	16,866	7,241	24,107	15,971
Total Net Assets	\$ 498,065	\$ 61,483	\$ 559,548	\$ 28,866
Reconciliation to government-wide statements of net assets:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(343)	
Net assets of business-type activities			<u>\$ 559,205</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 ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Non-Major Fund Storm Water Utility	Total	
Operating Revenues:				
Water sales	\$ 57,685	\$ -	\$ 57,685	\$ -
Sewer service	45,749	-	45,749	-
Storm water fee - commercial	-	3,090	3,090	-
Storm water fee - residential	-	3,830	3,830	-
Service charges	-	-	-	31,945
Sundry	4,790	-	4,790	116
Total Operating Revenues	<u>108,224</u>	<u>6,920</u>	<u>115,144</u>	<u>32,061</u>
Operating Expenses:				
Purchase of water	13,082	-	13,082	-
Purchase of sewage treatment	22,126	-	22,126	-
Salaries and wages	11,725	1,139	12,864	2,006
Employees' retirement	1,739	149	1,888	313
Supplies	4,077	30	4,107	2,970
Maintenance and repairs	3,300	113	3,413	2,482
Utilities	3,181	1	3,182	569
Claims (net of adjustments)	-	-	-	18,935
Legal and professional	-	-	-	1,533
Depreciation	12,273	1,624	13,897	4,025
Miscellaneous services	4,177	622	4,799	3,498
Total Operating Expenses	<u>75,680</u>	<u>3,678</u>	<u>79,358</u>	<u>36,331</u>
Operating Income (Loss)	<u>32,544</u>	<u>3,242</u>	<u>35,786</u>	<u>(4,270)</u>
Nonoperating Revenues (Expenses):				
Interest revenue	1,461	120	1,581	393
Net decrease in the fair value of investments	180	3	183	87
Gain on sale of assets	-	-	-	242
Interest expense and fiscal charges	(1,108)	-	(1,108)	(47)
Total Nonoperating Revenues (Expenses)	<u>533</u>	<u>123</u>	<u>656</u>	<u>675</u>
Income (loss) before transfers and contributions	33,077	3,365	36,442	(3,595)
Contributions in aid of construction	2,018	-	2,018	-
Capital contribution	-	54,556	54,556	-
Transfers in	-	4,172	4,172	4,013
Transfers out	(14,840)	(610)	(15,450)	(3,300)
Change in Net Assets	<u>20,255</u>	<u>61,483</u>	<u>81,738</u>	<u>(2,882)</u>
Total Net Assets, October 1	<u>477,810</u>	<u>-</u>	<u>477,810</u>	<u>31,748</u>
Total Net Assets, September 30	<u>\$ 498,065</u>	<u>\$ 61,483</u>	<u>\$ 559,548</u>	<u>\$ 28,866</u>
Net change in net assets - total proprietary funds			\$ 81,738	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(342)	
Change in net assets of business-type activities			<u>\$ 81,396</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, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Non-Major Fund Storm Water Utility	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 107,610	\$ 6,573	\$ 114,183	\$ 32,112
Cash payments to suppliers	(47,796)	(1,157)	(48,953)	(28,725)
Cash payments to employees	(13,498)	(1,119)	(14,617)	(2,301)
Net Cash Provided By Operating Activities	<u>46,316</u>	<u>4,297</u>	<u>50,613</u>	<u>1,086</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	4,172	4,172	4,013
Transfers out	(14,840)	(610)	(15,450)	(3,300)
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>(14,840)</u>	<u>3,562</u>	<u>(11,278)</u>	<u>713</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(50,689)	(1,351)	(52,040)	(4,561)
Principal payments on capital lease	-	-	-	(315)
Interest payments on capital lease	-	-	-	(47)
Proceeds from sales of capital assets	-	-	-	273
Proceeds from issuance of long-term debt	32,058	-	32,058	-
Repayment of long-term debt	(24,375)	-	(24,375)	-
Interest payment long-term debt	(3,883)	-	(3,883)	-
Net Cash Used For Capital And Related Financing Activities	<u>(46,889)</u>	<u>(1,351)</u>	<u>(48,240)</u>	<u>(4,650)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from interest earnings	1,874	-	1,874	393
Net increase (decrease) in the fair value of investments	180	3	183	87
Purchase of investments	(35,590)	-	(35,590)	(3,152)
Malurities/sales of investments	30,383	-	30,383	53
Net Cash Provided By (Used For) Investing Activities	<u>(3,153)</u>	<u>3</u>	<u>(3,150)</u>	<u>(2,619)</u>
Net Increase (Decrease) in Cash And Cash Equivalents	<u>(18,566)</u>	<u>6,511</u>	<u>(12,055)</u>	<u>(5,470)</u>
Cash And Cash Equivalents, October 1	<u>57,781</u>	<u>-</u>	<u>57,781</u>	<u>28,430</u>
Cash And Cash Equivalents, September 30	<u>\$ 39,215</u>	<u>\$ 6,511</u>	<u>\$ 45,726</u>	<u>\$ 22,960</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (Loss)	\$ 32,544	\$ 3,242	\$ 35,786	\$ (4,270)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	12,273	1,624	13,897	4,025
Interest earnings capitalized	(350)	-	(350)	-
Interest expense capitalized	2,862	-	2,862	-
Amortization of bond premium	187	-	187	-
Amortization of deferred loss on bond refunding	(127)	-	(127)	-
Provision for bad debts	144	(9)	135	-
(Increase) decrease in-				
Receivables	(614)	(333)	(947)	51
Inventory of supplies	36	-	36	7
Prepaid expenses	-	-	-	(154)
Increase (decrease) in-				
Accounts payable and accrued liabilities	(1,731)	(396)	(2,127)	(36)
Estimated claims payable	-	-	-	1,446
Retainage payable	1,154	-	1,154	-
Meter deposits	8	-	8	-
Accrued compensated absences	(71)	169	98	17
Total adjustments	<u>13,771</u>	<u>1,055</u>	<u>14,826</u>	<u>5,356</u>
Net Cash Provided By Operating Activities	<u>\$ 46,315</u>	<u>\$ 4,297</u>	<u>\$ 50,612</u>	<u>\$ 1,086</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from developers	2,018	-	2,018	-
Capital Leases	-	-	-	16
Capital contribution from governmental fund	-	54,556	54,556	-

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

**CITY OF ARLINGTON, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1	\$ 10,088
Investments		
Money market fund	24,974	-
U. S. Government bonds	-	-
Corporate bonds	913	-
Fixed income mutual bond funds	10,273	-
Common stock mutual bond funds	44,039	267
Balanced mutual funds	11,674	-
Participant borrowing	4,801	-
Self directed brokerage accounts	2,954	-
Total Investments	<u>99,628</u>	<u>267</u>
Total Assets	<u>99,629</u>	<u>\$ 10,355</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	\$ 10,088
IRC 401 deferred compensation plans	-	267
Total Liabilities	<u>-</u>	<u>\$ 10,355</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 99,629</u>	

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

CITY OF ARLINGTON, TEXAS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds
ADDITIONS	
Employer contributions	\$ 2,823
Employee contributions	5,721
Net appreciation in fair value of investments	4,392
Total Additions	<u>12,936</u>
DEDUCTIONS	
Benefits	6,456
Plan administration	52
Total Deductions	<u>6,508</u>
Increase in Net Assets	6,428
Net Assets, October 1	93,201
Net Assets, September 30	<u>\$ 99,629</u>

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

CITY OF ARLINGTON, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

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 and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both non-current assets and non-current liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus for governmental funds. Accordingly, the accounting and financial reporting of the City's governmental funds is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by Statement No. 34. The accrual basis of accounting and the economic resources measurement focus is utilized by proprietary fund types and the pension trust fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

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.

Component units are organizations for which the City is financially accountable and all other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. 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.

Arlington Property Finance Authority, Inc.

Arlington Property Finance Authority, Inc. (the "APFA") provides the City with a defined and funded self-insurance program for general and automotive liability. The financial statements of APFA, a component unit, have been "blended" with those of the City because its board of directors is appointed by the City Council, and the City management maintains significant continuing management oversight with respect to APFA's policies. Additionally, APFA provides services entirely to the City and its employees.

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 or hotel facility. The City Council serves as the board of directors. The ACCDC has had no transactions and therefore does not have financial statements.

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 Sports Facilities Development Authority, Inc.

The Arlington Sports Facilities Development Authority, Inc. (the "ASFDA") promotes economic development within the city. ASFDA's board of directors is appointed by the City Council. The ASFDA's management is designated by the City, and City employees are responsible for the ASFDA's daily operations. The City is financially accountable for the ASFDA's activities. Separate ASFDA component unit financial statements are not prepared.

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 (GAAP). 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 (The "ATF") oversees an endowment fund created by natural gas revenues to be used for the benefit of the Arlington community. The ATF's board of directors is appointed by the Mayor. 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 Industrial Development Corporation

The Arlington Industrial Development Corporation (the "AIDC") promotes industrial and commercial development within the City. The AIDC's board of directors is appointed by the City Council. The AIDC's management is designated by the City, and City employees are responsible for the daily activities of the AIDC; accordingly, the City has financial accountability over AIDC's activities. Separate AIDC component unit financial statements are not prepared.

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 assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. The exception is that inter-fund services provided and used are not eliminated. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

The net cost (by function or business-type activity) 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, Stadium Venue Fund, and Street Capital Projects Fund. GAAP sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The nonmajor funds are detailed in the combining section of the Comprehensive Annual Financial Report.

Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental 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.). Interfund services provided and used are not eliminated in the consolidation.

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) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

The following major funds are used by the City:

1. Governmental Funds:

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

- a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Public Health, Public Welfare, Parks and Recreation, etc.) and is the primary operating unit of the City.
- b. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- c. Stadium Venue Fund, a capital project fund, accounts for the planning, acquisition, establishment, development, and construction of the Dallas Cowboys Complex Development Project. Funds are provided primarily through bond sales and interest earnings.
- d. Street Capital Projects Fund accounts for the purchase of rights of way and land, construction of streets and related facilities, and to account for various other projects related to street construction. Funds are provided primarily through bond sales, interest earnings, and impact fees.
- e. Other Governmental Funds is a summarization of all of the nonmajor governmental funds.

2. Enterprise Funds:

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

3. Other Fund Types:

The City additionally reports for the following Fund types:

- a. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost reimbursement basis. These services include printing, mailing and duplicating; fleet services; self insurance; technology services; workers' compensation insurance; and group health insurance.
- b. Agency Funds are used to account for assets held by the City in an agency capacity for payroll related benefits, escheat property for the state, and other assets held for individuals, local law enforcement agencies and developers.
- c. Pension Trust Funds are used to account for the accumulation of resources to be used for the retirement and disability benefit payments to qualified City employees and for thrift savings plans for City employees.

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 ASFDA, the Trust Funds, and the AHA, all of 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 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 equivalents.

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.

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.

G. Capital Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Public domain (infrastructure) capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems have been recorded at estimated historical cost. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Net revenue bond interest cost incurred during construction periods is capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	45 - 50
Improvements other than buildings	20 - 40
Equipment	4 - 10
Drainage improvements	35 - 50
Meters	10
Streets	20 - 25
Storm/sanitary sewer	50
System infrastructure	20 - 50

H. Capitalization of Interest

The City capitalizes interest costs for business-type activities only, net of related interest earned, from the date of the borrowing until the projects acquired with those funds are ready for their intended use. During 2009, approximately \$2,512,000 of interest costs, net of \$350,000 of interest earned, were capitalized as capital assets in the Water and Sewer Fund as part of the costs of constructing various projects. Interest expensed (net of capitalized interest) and interest earned in fiscal 2009 for the Water and Sewer Fund amounted to approximately \$1,108,000 and \$1,461,000, respectively.

I. Arbitrage Liability

The City accrues a liability for an amount of rebatable arbitrage 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. Compensated Absences

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

The City's employees accumulate 1.25 days of sick leave per month with a maximum accrual of 150 days (180 for fire fighters). For employees with more than five years of service, one-fourth of the total amount of accumulated sick pay up to a maximum of 120 days is paid at termination. The full amount accumulated 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 typically used to liquidate the liability for governmental activities' compensated absences.

K. 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 assets. Bond premiums/ discounts and issuance costs, are deferred and amortized over the life of the bonds using the effective interest method and straight line method, respectively. 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.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. New Accounting Pronouncements

During fiscal year 2009, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation and be required to estimate its expected outlays for pollution remediation if an obligating event, as defined by the standard, has occurred. This pronouncement had no impact on current financial statements.

Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. This pronouncement had no impact on current financial statements.

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

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for the City beginning in fiscal year 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. This statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is effective for the City beginning in fiscal year 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The statement requires that the fair value of financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments. Additional information about derivatives is disclosed in the notes to the financial statements, including identification of the risks to which hedging derivative instruments themselves expose a government.

Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the City beginning in fiscal year 2011. This Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, which is effective for the City beginning in fiscal year 2012. This Statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans and clarifies when actuarially

determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers.

Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*, which is effective for the City beginning in fiscal year 2010. This Statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code.

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 bases 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 2009, there were no budget amendments.

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

The portion of ad valorem tax revenues in the General Fund from "rolled back" tax payments (taxes, up to five years back, on properties previously taxed at special use exemption values and currently changed to full values) are excluded from the budgetary basis tax revenues and from the general governmental expenditures.

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 are not estimable 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.

B. Excess of expenditures over appropriations

For the year ended September 30, 2009, expenditures exceeded appropriations in the General fund by \$229,000 in public health. These overexpenditures were funded by a reduction in other expenditure categories. In the Water and Sewer enterprise fund, expenditures exceeded appropriations in the purchase of sewage treatment by \$240,000, supplies by \$618,000, and maintenance and repairs by \$198,000. These overexpenditures were offset by underexpenditures in purchase of water, salaries and wages, employees' retirement, utilities, depreciation and miscellaneous services. In the Stormwater Utility fund, miscellaneous expenses exceeded budget by \$317,000.

C. Deficit fund equity

Several of the special revenue funds account for expenditure driven grants. The funds make expenditures and then file for reimbursement from the granting agency. Reimbursements not received within sixty days of year end are deferred revenue, creating a deficit fund balance. Expenditure driven funds with end of year deficit fund balances and their respective deficits are:

Federal Transit Administration-\$837,000
Community Development Block Grant-\$773,000
Texas Department of Transportation-\$1,017,000
Texas Criminal Justice Division-\$45,000
FEMA-\$1,010,000

These fund balances will all be replenished in 2010 from reimbursements funded by Federal and State Grants.

In addition, the Police and Library capital projects funds have deficit balances of \$126,000 and \$129,000, respectively. These deficits will be funded through the issuance of permanent improvement bonds and certificates of obligation.

III. DETAILED NOTES ON ALL FUNDS

1. CASH, CASH EQUIVALENTS AND 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, 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.

Deposits - At September 30, 2009, the carrying amount of the City's demand deposits was a \$1,064,000 deficit (bank balance, \$1,448,000). The \$1,064,000 deficit balance consisted of a \$1,981,000 deficit balance in City Funds and a \$917,000 positive balance in Component Unit Funds. The balance in cash on hand was \$70,000 at year end.

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.

The City is the beneficiary of a Closure/Post Closure Trust in the amount of \$6,292,000. This amount is recorded as an investment in trust and as a landfill closure accrued liability. Under the landfill lease agreement, the lessee must maintain a trust equal to the amount of the City's closure/post closure liability. The lessee contributed \$5,154,000 at closing and makes annual contributions of approximately \$600,000. The funds in this trust are to be used solely by the City to pay for closure and post closure expenses as they are incurred.

As of September 30, 2009, the City had the following cash, cash equivalents and investments (amounts in thousands):

City Funds	Fair Value	Weighted average Maturity (in days)
Demand Deposits	\$(1,981)	n/a
Cash on Hand	70	n/a
Other Cash in Bank	(87)	n/a
General Operating/Internal Pool	256,002	273
Dallas Cowboy Complex Development Project	741	1
Debt Service and Working Capital Reserve	5,660	247
Dallas Cowboy Complex Development Project Debt Service Reserve	37,228	1,868
Closure/Post-closure trust fund	6,292	1
Self-Insurance	3,099	299
Total City	\$307,024	
Fiduciary Funds	Fair Value	Weighted average Maturity (in days)
Agency Funds-Internal Pool	\$10,097	273
Agency Funds- Cash in Bank	(9)	n/a
Agency Funds- Mutual Funds	267	n/a
Pension Trust Funds – Money Market Fund	24,975	n/a
Pension Trust Funds – Corporate Bonds	913	n/a
Pension Trust Funds- Mutual Funds	73,741	n/a
Total Fiduciary Funds	\$109,984	
Component Units		
Demand Deposits	\$917	n/a
Cash in Bank	3,070	n/a
ATF – Internal Pool	12,107	2,233
ATF – Investments	43,491	273
AHA – Bank Cert. of Deposit	2,851	420
Total Component Units	\$62,436	
Total Entity – Cash, Cash Equivalents and Investments	\$479,444	

Interest Rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maximum maturity of any single investment and the weighted average maturity of combined investments by fund groups. The following table lists the fund groups authorized in the City's investment policy and the maximum maturity and maximum weighted average maturity ("WAM"):

Fund	Maximum Maturity	Maximum WAM
General Operating	2 Years	1 Year
Capital Project	2 Years	18 Months
Dallas Cowboy Complex Development Project	4 Years	3 Years
Debt Service and Working Capital Reserve	5 Years	4 Years
Dallas Cowboy Complex Development Debt Service Reserve	7 Years	7 Years
Debt Service Sinking	7 Years	7 Years
Self-Insurance	7 Years	5 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. The City's investments in the bonds of U.S. agencies were rated Aaa by Moody's investors Service and AAA by Standard and Poor's. The Arlington Housing Authority's investments in the Federal Home Loan Bank bond was rated AAA by Moody's.

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 AAA rated.

<u>Security</u>	<u>% of Portfolio</u>
United States Treasury	100%
U.S. Agencies and Instrumentalities	30%/Issuer
Other Obligations guaranteed by U.S.	5%
Obligations of Texas and its subdivisions	5%/Issuer
Certificates of Deposit	20%
Repurchase Agreements	15%/counterparty
Commercial Paper	5%/Issuer – 20%
Money Market Mutual Fund	15%/MMF
Local Government Investment Pools	25%/pool

As of September 30, 2009 the City's overall portfolio consisted of:

City Funds	Fair Value
Demand Deposits	\$(1,981)
Cash on Hand	70
Cash in Bank	(87)
Federal Home Loan Bank Bonds	96,457
Federal Home Loan Mortgage Corp. Bonds	66,881
Federal National Mortgage Association Bonds	57,381
Federal Farm Credit Bonds	8,379
U.S. Treasury	1,412
Wells Fargo Money Market	12,023
TexPool	28,862
TexasDaily	8,194
TexStar	8,673
Bank of Texas Cert. of Deposit	2,307
Compass Bank Cert. of Deposit	18,453
Total City	\$307,024
Fiduciary Funds	Fair Value
Agency Funds - Cash in Bank	\$(9)
Agency Funds - Mutual Funds	267
Agency Funds - Federal Home Loan Bank	2,790
Agency Funds - Federal Home Loan Mortgage Corp.	2,529
Agency Funds - Federal National Mortgage Association	2,188
Agency Funds - U.S. Treasury	54
Agency Funds - TexPool	1,101
Agency Funds - TexasDaily	313
Agency Funds - TexStar	331
Pension Trust Funds - Money Market Fund	24,975
Pension Trust Funds - Corporate Bonds	913
Pension Trust Funds - Mutual Funds	73,741
Bank of Texas Cert. of Deposit	88
Compass Bank Cert. of Deposit	703
Total Fiduciary Funds	\$109,984
Component Units	
Demand Deposits	\$917
Cash in Bank	3,070
ATF - Federal Home Loan Bank	19,980
ATF - Federal Home Loan Mortgage Corp.	3,033
ATF - Federal National	2,624

Mortgage Association	
ATF - Farmer Mac	5,416
ATF - Federal Farm Credit	21,439
ATF - U.S. Treasury	65
ATF - TexPool	1,320
ATF - TexasDaily	375
ATF - TexStar	397
AHA – Bank Cert. of Deposit	2,851
Bank of Texas Cert. of Deposit	105
Compass Bank Cert. of Deposit	844
Total Component Units	\$62,436
Total Entity – Cash, Cash Equivalents and Investments	\$479,444

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. Due to the financial crisis the FDIC was providing unlimited insurance coverage for demand deposits through December 31, 2009. The City's deposits at its depository bank were insured by the FDIC and there was no collateral on September 30, 2009. During fiscal year 2009 the City purchased two certificates of deposit (CD). The \$20 million CD at Compass BBVA Bank is collateralized by a \$20.3 million Letter of Credit from the Federal Home Loan Bank. The \$2.5 million CD with Bank of Texas is part of the CDARS program and is distributed between thirteen banks and is fully insured by the FDIC.

The City's investments in public funds investment pools include investments in TexPool, TexasDaily and TexStar. These are public funds investment pools operating as an SEC 2a-7 like pool in full compliance with the Public Funds Investment Act. TexPool, TexasDaily and TexStar are rated as AAA money market funds by Standard & Poor's. As of September 30, 2009, the City's investment in TexPool was \$31,284,000 with a market value of \$31,284,000. The City's investment in TexasDaily was \$8,881,000 with a market value of \$8,881,000 and the City's investment in TexStar was \$9,400,000 with a market value of \$9,400,000.

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. Penalty and interest is 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 Appraisal Review Board. The assessed value for the tax roll of January 1, 2008, upon which the original FY09 levy was based, was \$18,246,819,671.

City property tax revenues are recorded as receivables and deferred 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, 2009, the City had a tax rate of \$0.6480 (\$0.4467 for general government and \$0.2013 for debt service) per \$100 assessed valuation with a tax margin of \$1.8520 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 \$337,931,100 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately \$18,246,819,671.

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. DALLAS COWBOYS COMPLEX DEVELOPMENT PROJECT

In 2004, the voters authorized the City to provide the planning, acquisition, construction and financing for the Dallas Cowboys Complex Development Project (the "Complex"), approving an increase in the City's sales tax of one-half cent, a two percent increase in the hotel occupancy tax and a five percent short-term motor vehicle rental tax. The Complex was completed in July 2009 and is a multi-functional enclosed facility with a retractable roof and seating for approximately 85,000. The final cost of the project was \$1.1 billion and in accordance with the funding and closing agreement, the City paid a portion of the projected costs, \$325 million, to build the Complex.

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. There was no such naming rights revenue for the latest fiscal year. The lease is accounted for as an operating lease. The cost of the stadium is \$1,069,198,000 with an accumulated depreciation of \$10,633,734.

The City received \$403,989,000 in contributions from the Cowboys this year which is included in program revenue for Parks and Recreations.

City Debt – In 2005, the City issued \$297,990,000 Dallas Cowboy Complex Special to fund the City's share of the project costs for the Complex, including \$164,265,000 Dallas Cowboys Complex Special Obligation Tax-Exempt Special Tax Bonds, Series 2005B (the "Multi-Modal Bonds"). In December, 2008 the City issued \$112,185,000 in Special Tax Revenue Bonds to refund \$104,265,000 of the Series 2005B bonds and in May 2009 issued \$62,820,000 to refund the remaining \$60,000,000 of the Series 2005B bonds. The City also terminated its two swap agreements as part of these refundings and no longer has any variable rate bond or swap exposure.

Conduit Debt - In 2006, \$147,865,000 Dallas Cowboy Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2006 (the "Dallas 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 Dallas 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, 2009, outstanding conduit debt was \$147,865,000.

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 all of the team's 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.

4. RECEIVABLES

Receivables at September 30, 2009 for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

(Amounts expressed in thousands)

	Other							Total
	General	Debt Service	Storm Water Utility	Water & Sewer	Street Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	
Receivables:								
Taxes	\$ 8,245	\$ 420	\$ -	\$ -	\$ -	\$ 1,322	\$ -	\$ 9,987
Franchise Fees	6,359	-	-	-	-	-	-	6,359
Trade Accounts	-	-	577	10,111	-	-	147	10,835
Unbilled Trade Accounts	-	-	415	6,705	-	-	-	7,120
Special Assessments	-	-	-	-	192	-	-	192
Sales Taxes	8,080	4,059	-	-	-	2,029	-	14,168
Accrued Interest	1,593	457	-	-	-	-	24	2,074
Other	2,921	-	-	43	-	896	-	3,860
Gross Receivables	27,198	4,936	992	16,859	192	4,247	171	54,595
Less: Allowance for Uncollectibles	(5,362)	-	(39)	(2,458)	-	(2)	-	(7,861)
Net total Receivables	\$21,836	\$4,936	\$ 953	\$ 14,401	\$ 192	\$ 4,245	\$ 171	\$ 46,734

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

	(Amounts expressed in thousands)			
	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 84,922	\$ 119,867	\$ (91)	\$ 204,698
Construction in progress-other	132,088	59,992	(63,167)	128,913
Construction in progress-stadium	652,041	417,156	(1,069,197)	-
Total capital assets, not being depreciated	869,051	597,015	(1,132,455)	333,611
Capital assets, being depreciated:				
Buildings	156,591	983,546	(289)	1,139,848
Improvements other than buildings	55,584	-	-	55,584
Equipment	68,996	7,876	(3,403)	73,469
Infrastructure	792,661	21,538	(75,785)	738,414
Total capital assets, being depreciated	1,073,832	1,012,960	(79,477)	2,007,315
Less accumulated depreciation for:				
Buildings	60,366	16,674	(163)	76,877
Improvements other than buildings	18,936	-	-	18,936
Equipment	44,263	9,308	(3,325)	50,246
Infrastructure	528,629	25,589	(25,004)	529,214
Total accumulated depreciation	652,194	51,571	(28,492)	675,273
Total capital assets, being depreciated, net	421,638	961,389	(50,985)	1,332,042
Governmental activities capital assets, net	\$1,290,689	\$1,558,404	(\$1,183,440)	\$1,665,653

	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
Total Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 6,430	\$ 265	\$ -	\$ 6,695
Construction in progress	<u>68,543</u>	<u>54,227</u>	<u>(31,076)</u>	<u>91,694</u>
Total capital assets, not being depreciated	<u>74,973</u>	<u>54,492</u>	<u>(31,076)</u>	<u>98,389</u>
Capital assets, being depreciated:				
Buildings and improvements	2,833	-	-	2,833
Drainage system	-	77,221	-	77,221
Water and sewer system	601,688	32,296	-	633,984
Machinery and equipment	<u>10,437</u>	<u>684</u>	<u>-</u>	<u>11,121</u>
Total capital assets, being depreciated	<u>614,958</u>	<u>110,201</u>	<u>-</u>	<u>725,159</u>
Less accumulated depreciation for:				
Buildings and improvements	1,070	57	-	1,127
Drainage system	-	26,628	-	26,628
Water and sewer system	183,271	12,109	-	195,380
Machinery and equipment	<u>9,891</u>	<u>108</u>	<u>-</u>	<u>9,999</u>
Total accumulated depreciation	<u>194,232</u>	<u>38,902</u>	<u>-</u>	<u>233,134</u>
Total capital assets, being depreciated, net	<u>420,726</u>	<u>71,299</u>	<u>-</u>	<u>492,025</u>
Business-type activities capital assets, net	<u>\$495,699</u>	<u>\$125,791</u>	<u>(\$31,076)</u>	<u>\$590,414</u>

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

Governmental activities:		
General Government		\$ 14,517
Public Safety		2,718
Parks and recreation		3,769
Public works		26,542
Public health		-
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		<u>4,025</u>
Total depreciation expense – governmental activities		<u>\$51,571</u>
Business-type activities:		
Storm Water Utility		1,624
Water and sewer		<u>\$ 12,274</u>
Total depreciation expense – business-type activities		<u>\$ 13,898</u>

During fiscal 2009, the Drainage fund with \$75,785,000 of gross capital assets, net of accumulated depreciation of \$25,004,000, and \$3,775,000 of CIP was transferred from governmental activities to Storm Water Utility enterprise fund.

Discretely presented component units:

	(Amounts expressed in thousands)			
	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
Arlington Sports Facilities				
Development Authority, Inc.:				
Capital assets, being depreciated:				
Buildings and improvements	<u>\$2,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,739</u>
Total capital assets, being depreciated	<u>2,739</u>	<u>-</u>	<u>-</u>	<u>2,739</u>
Less accumulated depreciation for:				
Buildings and improvements	<u>1,588</u>	<u>110</u>	<u>-</u>	<u>1,698</u>
Total accumulated depreciation	<u>1,588</u>	<u>110</u>	<u>-</u>	<u>1,698</u>
Arlington Sports Facility Development Authority, Inc. activities capital assets, net	<u>\$1,151</u>	<u>(\$110)</u>	<u>\$ -</u>	<u>\$1,041</u>
	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
Arlington Housing Authority, Inc.:				
Capital assets, being depreciated:				
Machinery and equipment	<u>\$ 825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$825</u>
Total capital assets, being depreciated	<u>825</u>	<u>-</u>	<u>-</u>	<u>825</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>302</u>	<u>54</u>	<u>-</u>	<u>306</u>
Total accumulated depreciation	<u>302</u>	<u>54</u>	<u>-</u>	<u>306</u>
Arlington Housing Authority, Inc. activities capital assets, net	<u>\$ 523</u>	<u>\$ (54)</u>	<u>\$ -</u>	<u>\$469</u>
	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
Arlington Convention and Visitors Bureau, Inc.:				
Capital assets, being depreciated:				
Machinery and equipment	<u>\$653</u>	<u>\$ 38</u>	<u>\$ -</u>	<u>\$691</u>
Total capital assets, being depreciated	<u>653</u>	<u>38</u>	<u>-</u>	<u>691</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>443</u>	<u>49</u>	<u>-</u>	<u>492</u>
Total accumulated depreciation	<u>443</u>	<u>49</u>	<u>-</u>	<u>492</u>
Arlington Convention and Visitors Bureau, Inc. activities capital assets, net	<u>\$210</u>	<u>\$(11)</u>	<u>\$ -</u>	<u>\$199</u>

6. PENSION AND EMPLOYEE BENEFIT PLANS

Texas Municipal Retirement System

Plan Description:

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 833 administered by TMRS, an agent, multiple-employer public employee retirement system. Each of the municipalities has an annual individual actuarial valuation performed. All assumptions for the December 31, 2008 valuations are contained in the 2008 TMRS comprehensive Annual Financial Report (CAFR), a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153 or accessing the CAFR on line at www.tmr.com.

Benefits depend upon a sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. Additionally, initiated in 1998, the City provides on an annually repeating basis annuity increases for retirees equal to 70% of the change in the consumer price index (CPI).

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.

Funding Policy:

Under the state law governing TMRS, the actuary annually determines the City contribution rate on a calendar-year basis using the Projected Unit Credit actuarial method. The City discloses the annual pension costs (which equal the required contributions) based on the calculated rates for the City's fiscal year. The rate is 14.88% of covered payroll for the months in calendar year 2008, and 15.51% for the months in calendar year 2009. This rate consists of the normal cost contribution rate and the prior service contribution rate. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation for the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2007 valuation is effective of rates beginning January 1, 2009). If a change in plan provisions is elected by the City, this rate can change.

Per TMRS statutes, there is a 13.5 percent and 15.5 percent statutory maximum in effect based on the benefit levels elected by the city. If the required rate calculated by TMRS exceeds one or both of those rates, the city council at its option can choose to either adjust benefits to reduce the required rate to conform with the maximums or lift the maximums altogether and to pay the full required rate. Arlington's maximum is 15.5 percent.

Annual Pension Cost and Net Pension Obligation:

The City's annual pension cost of \$29,582,321 was \$7,287,773 higher than the City's contributions.

Annual pension cost	\$29,582,321
Interest	<u>0</u>
Annual pension cost (expense)	29,582,321
Contributions made	<u>22,294,548</u>
Increase (Decrease) in net pension obligation	<u>\$ 7,287,773</u>

Three-Year Trend Information

Fiscal Year	Annual Pension Cost	Percentage of APC Contribution	Net Pension Obligation (Asset)
2007	\$15,164,648	100%	-
2008	\$19,486,546	100%	-
2009	\$29,582,321	75.36%	\$7,287,773

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Changes in Actuarial and Amortization Methods:

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as the valuation date, but does not project the potential future liability of provisions adopted by the City. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, The TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually reporting basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 2-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than .5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. The statutes further provide that plan members may request up to a forty year amortization period. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or their required contribution rate).

Funding State and Funding Progress:

As of December 31, 2008, the most recent actuarial valuation date, the plan was 60.6 percent funded. The actuarial accrued liability for benefits was \$594,441,728, and the actuarial value of assets was \$360,028,646, resulting in an unfunded actuarial accrued liability (UAAL) of \$234,413,082. The covered payroll (annual payroll of active employees covered by the plan) was \$143,790,619, and the ratio of the UAAL to the covered payroll was 163%.

Actuarial Methods and Assumptions:

A summary of actuarial assumptions is as follows:

Actuarial Valuation Date	December 31, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	29 Years – Closed Period
Asset Valuation Method	Amortized Cost
Investment Rate of Return	7.5%

Projected Salary Increases	Varies by age and service
Payroll growth	3%
Withdrawal rates (low, mid or high) for Male/Female	Mid-High/Mid-High
Inflation Rate	3%
Cost-of-Living Adjustments	2.1%

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, 2009, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was \$97,089,000.

The City's total payroll during fiscal 2009 was \$149,128,000. The current year contribution was calculated based on a covered payroll of \$86,449,000, resulting in a required and actual employer contribution of \$2,349,000 and actual employee contributions of \$5,626,000. The employer contribution represents 2.71 percent of the covered payroll. The employee contribution represents approximately 6.5 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2009. There were no related-party transactions. The Thrift Plan does not issue separate stand-alone financial statements.

Part-Time Deferred Income Trust

The City provides retirement benefits for all part-time, seasonal, and temporary employees through the Part-time Deferred Income Trust Plan (the "PDIT"), a single-employer defined benefit pension plan administered by the City of Arlington's Workforce Services Department. The PDIT was adopted by the City Council in accordance with the safe harbor rules of the Internal Revenue Service regulations. The PDIT does not issue separate stand-alone financial statements.

As of July 1, 2008, the most recent actuarial valuation date, the plan was 128.8 percent funded. The actuarial accrued liability for benefits was \$1,254,909, and the actuarial value of assets was \$1,615,873, resulting in an excess funded actuarial accrued liability (EAAL) of \$360,964. The covered payroll (annual payroll of active employees covered by the plan) was \$4,097,159, and the ratio of the UAAL to the covered payroll was 8.8%.

The contribution rate for employees is 3 percent, and the City's actuarially determined matching percent is currently 3.3 percent. The City's required contribution rate was determined as part of the July 1, 2008, actuarial valuation (the most recent actuarial valuation) using the aggregate cost method, which does not identify or separately amortize unfunded actuarial liabilities.

The actuarial assumptions used in the July 1, 2008 actuarial valuation included were (a) 6.50 percent investment return, (b) no inflation rate adjustment, and (c) 4.50 percent salary increases. The accrual basis of accounting is utilized by the PDIT fund. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are financed through investment earnings. Cash and cash equivalents are stated at cost that approximates fair value. Investments are stated at the approximate value of the financial asset based on either the month end price, the last available price, or the last available activity. The actuarial accrued liability was determined using the entry age normal cost method.

The following table discloses three-year historical trend information relating to the Part-Time Deferred Income Trust Plan.

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
9/30/07	\$114,000	100.00%	-
9/30/08	\$112,000	100.00%	-
9/30/09	\$102,000	100.00%	-

Benefits depend on length of service to the City and the employee's total contributions. At normal retirement age (65), the benefit consists of monthly payments equal to a percentage of the employee's average pay multiplied by years of service. The percentage of the employee's pay ranges from 1.50 percent to 2.00 percent, depending on the number of months of service.

IRC 457 Deferred Compensation Plans

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 which is administered by the International City Management Associations Retirement Corporation (the "ICMA"). In addition, the City offers its executive employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 which is also administered by the ICMA. Since the City does not administer these plans, these plans are not included in the City's financial statements.

City contributions for the above plans for the year ended September 30, 2009, are as follows (amounts in thousands):

TMRS	\$22,294
THRIFT	2,349
PTDIT	<u>102</u>
	<u>\$24,745</u>

Statement of Net Assets and Statement of Changes in Net Assets

The Part-Time Deferred Income Trust and Thrift Savings Plans do not issue separate GAAP financial reports. Their financial statements are presented below as of and for the year-ended September 30, 2009 (amounts in thousands):

	Net Assets		
	Part-Time Deferred Income Trust	Thrift Savings Plan	Total
ASSETS			
Investments	<u>\$1,879</u>	<u>\$97,089</u>	<u>\$98,968</u>
Total Assets	<u>\$1,879</u>	<u>\$97,089</u>	<u>\$98,968</u>
NET ASSETS, Held in Trust For Pension Benefits	<u>\$1,879</u>	<u>\$97,089</u>	<u>\$98,968</u>

	Changes in Net Assets		
	Part-Time Deferred Income Trust	Thrift Savings Plan	Total
ADDITIONS			
Employer contributions	\$ 102	\$ 2,349	\$ 2,451
Employee contributions	95	5,626	5,721
Net appreciation in fair value of investments	<u>166</u>	<u>4,160</u>	<u>4,326</u>
Total Additions	<u>\$ 363</u>	<u>\$12,135</u>	<u>\$12,498</u>
DEDUCTIONS			
Benefits	49	6,149	6,198
Plan administration	<u>30</u>	<u>12</u>	<u>42</u>
Total Deductions	<u>79</u>	<u>6,161</u>	<u>6,240</u>
Increase in Net Assets	284	5,974	6,258
NET ASSETS, October 1	<u>1,595</u>	<u>91,115</u>	<u>92,710</u>
NET ASSETS, September 30	<u>\$1,879</u>	<u>\$97,089</u>	<u>\$ 98,968</u>

7. OTHER POST EMPLOYMENT BENEFITS

Disability Income Plan

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

Summary of Significant Accounting Policies

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

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

Plan Description and Contribution Information

Membership of the plan consisted of the following at July 1, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	30
Active plan members	<u>2,286</u>
Total	<u>2,316</u>

Number of participating employers	1
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Plan Description. DIP is a single-employer defined benefit disability income plan that covers the employees of the City. The plan originally provided in-service death benefits and long term disability benefits commencing upon disablement. The plan was amended to eliminate the in-service death benefit and to start disability payments at age 65. The plan contemplates that long term disability benefits will be provided through a separate LTD insurance contract prior to age 65. The retired life liability for current disabled employees (many of whom are under age 65) is retained under the plan.

Contributions. The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City's contribution is determined through an actuarial valuation. Per the most recent valuation, the City is contributing at a rate equivalent to 0.30 percent of covered payroll. For the year ended September 30, 2009, the City contributed \$372,000 to the plan. Administrative costs of DIP are financed through investment earnings.

Funded Status and Funding Progress

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

As of July 1, 2009, the most recent actuarial valuation date, the plan was 21.0 percent funded. The actuarial accrued liability for benefits was \$2,770,504, and the actuarial value of assets was \$581,422, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,189,082. The covered payroll (annual payroll of active employees covered by the plan) was \$122,952,201, and the ratio of the UAAL to the covered payroll was 1.8%.

The accompanying schedule of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Valuation date	07/01/09
Actuarial cost method	Entry age normal
Amortization method	Level dollar amortization
Remaining amortization period	20 years
Asset valuation method	Market value

Actuarial assumptions	
Investment rate of return	6.5 percent
(Includes an inflation assumption of 4.5 percent)	
Pay progression	4.5 percent

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

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

Annual required contribution	\$316
Interest on net OPEB asset	(3)
Adjustment to annual required contribution	<u>(55)</u>
Annual OPEB cost (expense)	258
Contributions made	<u>(367)</u>
Increase (Decrease) in net OPEB asset	(109)
Net OPEB asset – beginning of year	<u>0</u>
Net OPEB asset – end of year	<u>\$(109)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2009 and the two preceding years are as follows:

<u>Year</u>	<u>OPEB</u>	<u>Annual OPEB</u>	<u>OPEB</u>
<u>Ending</u>	<u>Cost</u>	<u>Contribution</u>	<u>Obligation</u>
			<u>(Asset)</u>
9/30/07	\$323,000	100.00%	-
9/30/08	\$364,000	100.00%	-
9/30/09	\$258,000	100.00%	(\$109,000)

DIP does not issue separate GAAP financial reports. Its financial statements are presented below as of September 30, 2009 (in thousands):

	<u>Net Assets</u>
Assets	
Investments	<u>\$661</u>
Total assets	<u>\$661</u>
Net assets, held in trust for	
Other postemployment benefits	<u>\$661</u>
	<u>Changes in Net Assets</u>
Additions	
Employer contributions	\$372
Net appreciation in fair value	
Of investments	<u>66</u>
Total additions	<u>\$438</u>
Deductions	
Benefits	258
Plan Administration	<u>10</u>
Total deductions	<u>268</u>
Increase in net assets	170
Net assets, October 1, 2008	<u>491</u>
Net assets, September 30, 2009	<u>\$661</u>

Retiree Health Insurance

Plan Description. The City of Arlington administers a single-employer defined benefit health care plan. The plan provides postretirement health care benefits to eligible retirees and their spouses.

An eligible employee can continue their health care coverage in retirement if their age plus service is at least 70 with a minimum age requirement of 50 years and a minimum of ten years of service with the City. Employees hired after December 31, 2005 are not eligible for postretirement health care benefits. As of January 1, 2009, 586 retirees met those eligibility requirements. The City plan has a non-duplication coordination of benefits with Medicare and other primary plans for retirees and/or their dependants.

Retiree Contributions for Pre-2008 Retirees

For retirees who are below age 65, the City subsidizes the premium rate for the three PPO options with a dollar amount that is based upon a defined percentage of the total premium for the Core Plan. This same dollar amount is the subsidy for the Plus Plan and the Premium Plan as well. The percentage subsidy for the Core Plan varies by years of service at retirement, ranging from 40% to 100%. The percentage subsidy for spouse coverage ranges from 30% to 50% based on years of service. Retirees pay the balance of the total premium rates. The City also subsidizes the AARP Plan K and Secure Horizons premium rates for retirees age 65 and over, and the percentage subsidy varies by years of service.

Retiree Contributions for January 1, 2008 and After

The subsidy for future retirees will be a defined dollar amount, increasing with trend each year for 15 years. After 15 years, the subsidy will remain fixed. Retirees as of January 1, 2008 are grandfathered and their subsidy will not become fixed after 15 years.

Funding Policy. The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. Currently the plan is funded on a pay-as-you-go basis.

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

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

Annual required contribution	\$ 9,025
Interest on net OPEB Obligation	215
Adjustment to annual required contribution	<u>(293)</u>
Annual OPEB cost (expense)	8,947
Contributions made	<u>(2,391)</u>
Increase in net OPEB obligation	6,556
Net OPEB obligation – beginning of year	<u>4,772</u>
Net OPEB obligation – end of year	<u>\$11,328</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows (dollar amounts in thousands):

<u>Year</u>	<u>OPEB</u>	<u>Annual OPEB</u>	<u>OPEB</u>
<u>Ending</u>	<u>Cost</u>	<u>Contribution</u>	<u>Obligation</u>
9/30/09	\$ 8,947	26.72%	\$ 11,328

Funded Status and Funding Progress. As of January 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$104.5 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$104.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$106 million, and the ratio of the UAAL to the covered payroll was 98.6 percent.

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

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

Actuarial Valuation Date	1/01/2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar, open
Remaining Amortization Period	30 years
Healthcare inflation rate – medical	9% initial (2009) 5% ultimate (2013)
Healthcare inflation rate – prescription	11% initial (2009) 5% ultimate (2015)

Supplemental Death Benefits Plan

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

Funding Policy. Contribution requirements of the participating employers are established and may be amended by the TMRS Board of Trustees. The City is required to contribute at a rate assessed each year by the TMRS Board of Trustees, currently .18 percent of covered payroll. The TMRS Board of Trustees sets the employer contribution rate based on the mortality and service experience of all employees covered by the plan and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. Contributions are made monthly based on covered payroll of employee members of the City. Contributions are utilized to fund active member deaths on a pay-as-you-go basis. Any excess contributions over payments then become net assets available for OPEB. The City's contributions to SDBF for the years ended September 30, 2008, 2007, and 2006, were \$258,737, \$282,863, and \$262,378 respectively, which equaled the required contributions each year.

8. DEBT AND LIABILITIES

General Short-Term Debt

During fiscal 2005, the City authorized a \$30,000,000 commercial paper program for interim funding of general obligation debt. There were no new issues during fiscal 2009. This debt will mature on various days over the next several months and will be rolled over.

General short-term debt balances and transactions for the year ended September 30, 2009 are as follows (amounts in thousands):

	Balance, October 1, 2008	Additions	Retirements and Other	Balance, September 30, 2009
Commercial Paper	<u>\$22,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$22,000</u>

General Obligation Bonds

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.5% - 6.000%	\$107,840
Governmental activities – refunding	2.5% - 6.375%	<u>113,540</u>
Total governmental		<u>\$221,380</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending September 30</u>	<u>Governmental activities</u>	
	<u>General Obligation</u>	<u>GO Interest</u>
2010	\$ 20,300	\$ 10,294
2011	21,275	9,373
2012	20,750	8,387
2013	20,095	7,399
2014	19,080	6,480
2015-2019	75,735	20,156
2020-2024	33,485	6,355
2025-2028	<u>10,660</u>	<u>1,150</u>
Total	<u>\$221,380</u>	<u>\$69,594</u>

General obligation debt authorized and unissued as of September 30, 2009, amounted to \$36,280,000.

The City received a determination in 2002 by the State of Texas Comptroller's office that the City had received \$2,228,186 in sales tax receipts from the Comptroller's office in error over the past several years. The Comptroller's office agreed to allow the City to repay the excess sales tax revenue interest free over a period of ten years through reduced sales tax allocations from the state. The state began withholding \$18,568 monthly from the City's sales tax allocations beginning in March 2003. The withholding is allocated between the General Fund for \$12,427 per month and the ASFDA for \$6,140 per month. As of September 30, 2009, this liability is reported at \$484,678 in the governmental activities and \$239,481 in the component units of the statement of net assets. Beginning in 2003 sales tax allocations were reduced monthly by the Comptroller's office.

Certificates of Obligation

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

<u>Year Ending September 30</u>	<u>Governmental activities</u>	
	<u>Certificates of Obligation</u>	<u>CO Interest</u>
2010	3,580	2,770
2011	2,605	2,609
2012	2,580	2,497
2013	3,120	2,393
2014	3,065	2,269
2015-2019	12,870	9,574
2020-2024	12,670	6,792
2025-2029	12,205	3,758
2030-2033	9,225	1,091
Total	<u>\$ 61,920</u>	<u>\$ 33,753</u>

Special Obligation Bonds

The City created the Arlington Sports Facilities Development Authority, Inc. (the "ASFDA"), to promote economic development within and for the City through the development and financing of certain authorized facilities that would improve the availability of recreational and sports opportunities for the citizens of the City and the Dallas-Fort Worth Metroplex.

In 1993, the ASFDA issued \$17,179,900 junior Lien Revenue Bonds, First Series (Non-Interest Bearing Seat Option Bonds) to holders of seat options (the "Texas Rangers Ballpark Bonds") to fund a portion of the Texas Rangers Baseball Club's share of project costs for the Texas Rangers sports facility. The Texas Rangers Ballpark Bonds are limited special obligations of the ASFDA, secured by a subordinated junior lien on the one-dollar ticket surcharge of up to \$2 million annually. The Texas Rangers Ballpark Bonds were paid on December 31, 2008.

In 2005, the City issued \$297,990,000 Dallas Cowboys Complex Special Obligations to fund the City's share of the project costs for the Complex, including \$164,265,000 Dallas Cowboys complex Special Obligation Tax-Exempt Special Tax bonds, Series 2005B (the "Multi-Modal Bonds"). In December 2008, the City issued \$112,185,000 in Special Tax Revenue Bonds, Series 2008 to refund \$104,265,000 of the Series 2005B bonds. The final maturity for these bonds is August 15, 2027 and coupons range from 5.0 percent to 5.5 percent. Interest is payable on these bonds February 15 and August 15 of each year and began on August 15, 2009. Total interest requirements will aggregate \$90,137,187.50. The difference between the reacquisition price and the carrying amount of the debt resulted in a loss of \$7,920,000. In May 2009, the City issued \$62,820,000 in Special Tax Revenue Bonds, Series 2009 to refund the remaining \$60,000,000 of the Series 2005B bonds. The final maturity for these bonds is August 15, 2028 and coupons range from 4.0 percent to 5.0 percent. Interest is payable on these bonds February 15 and August 15 of each year and began on August 15, 2009. Total interest requirements will aggregate \$45,832,715.80. The difference between the reacquisition price and the carrying amount of the debt resulted in a loss of \$2,820,000. The City also terminated its two swap agreements as part of these refundings and no longer has any variable rate bond or swap exposure.

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

Year Ending September 30	Governmental Activities	
	Principal	Interest
2010	\$ 5,230	\$ 15,177
2011	7,415	14,990
2012	7,695	14,714
2013	8,000	14,392
2014	7,710	14,026
2015-2019	52,220	64,064
2020-2024	80,850	48,040
2025-2029	70,530	24,652
2030-2034	<u>64,130</u>	<u>11,418</u>
	<u>\$303,780</u>	<u>\$221,473</u>

The City has pledged future revenues consisting of one-half cent sales tax, two percent hotel occupancy tax, five percent car rental tax, future stadium base rental revenue of \$2 million per year and five percent of any future naming rights up to a maximum of \$500 thousand annually to repay the Dallas Cowboys Stadium Bonds. Annual principal and interest payments are expected to require 100 percent of these revenues. The total principal and interest remaining to be paid on the Dallas Cowboys Stadium Bonds is \$525,253,000. Principal and interest payments and total pledged revenues for the year ended September 30, 2009 were \$33,095,000 and \$8,664,000, respectively.

Revenue Bonds

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

In April 2009, the City issued \$13,760,000 Water and Wastewater System Revenue Refunding Bonds Series 2009. These bonds refunded \$14,225,000 of existing Water and Wastewater System Revenue bonds. The final maturity for Series 2009 is June 1, 2019. Interest is payable on June 1 and December 1 of each year starting December 1, 2009. Total interest requirements of these bonds, with interest rates ranging from 2.0 percent to 5.0 percent aggregate \$3,357,354 as of 9/30/09. The bond proceeds were used to currently refund \$5,450,000 of Series 1997 and \$3,600,000 of Series 1999 and purchase \$5,592,827 of U.S. Government securities which were placed in an irrevocable trust with an escrow agent for the purpose of generating resources for all future debt service payments to advance refund \$5,175,000 of Series 2001, which will be called on June 1, 2011. As a result, the refunded bonds are considered to be legally defeased and the liability is not reflected in the statement of net assets. The refunding was undertaken to reduce total debt service payments by \$1,031,119 and resulted in an economic gain of \$903,022. The difference between the reacquisition price and the carrying amount of the debt resulted in a loss of \$465,000 which has been recorded in the Proprietary Funds' financial statements.

In fiscal 2009, the City issued Water and Sewer Revenue Bonds in the amount of \$17,950,000 for the purpose of expanding the water treatment plant. The bonds were sold to the Texas Water Development Board. These bonds will mature June 2010 to June 2019 at interest rates of .84 percent to 2.55 percent.

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

Year Ending September 30	Business Activities		Business Activities - TWDB	
	Principal	Interest	Principal	Interest
2010	\$ 8,090	\$ 3,626	\$ 1,900	\$ 310
2011	7,515	3,226	1,900	318
2012	7,165	2,922	1,900	292
2013	6,690	2,636	1,900	264
2014	6,220	2,359	1,900	232
2015-2019	26,570	7,829	8,885	592
2020-2024	16,265	2,705	-	-
2025-2027	3,600	324	-	-
	<u>\$ 82,115</u>	<u>\$25,627</u>	<u>\$18,385</u>	<u>\$2,008</u>

Net revenues of the City's water operations have been pledged for repayment of the City's revenue bonds. The amount of the pledge is equal to the remaining outstanding debt service requirements for these bonds, which were all originally issued to provide funding for construction of the water and wastewater systems. The pledge continues for the life of the bonds. For the year ended September 30, 2009, net pledged revenues for the water enterprise fund was \$46,278,000 and debt service on the revenue bonds was \$11,395,000.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2009 (amounts expressed in thousands):

	<u>10/1/2008</u>	<u>Increases</u>	<u>Reductions</u>	<u>9/30/2009</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt	\$242,920	\$ -	(\$21,540)	\$221,380	\$20,300
Special tax revenue debt	297,990	175,005	(169,215)	303,780	5,230
Certificates of obligation	65,610	-	(3,690)	61,920	3,580
Premium on general bonds	4,490	-	(625)	3,865	-
Premium on special bonds	6,110	-	(378)	5,732	-
Deferred loss on refunding	(1,931)	-	540	(1,391)	-
Deferred loss on special bond refund	-	(3,436)	139	(3,297)	-
Discount on special bonds	-	(4,130)	144	(3,986)	-
Net governmental bonds payable	<u>615,189</u>	<u>167,439</u>	<u>(194,625)</u>	<u>588,003</u>	<u>29,110</u>
Compensated absences	28,163	2,097	(1,572)	28,688	1,481
Capital leases	1,490	16	(755)	751	326
Arbitrage liability	183	10	-	193	-
Claims	8,302	6,186	(4,740)	9,748	5,485
Landfill closure	5,645	647	-	6,292	-
Sales tax	634	-	(149)	485	149
Net other post-employ benefit oblg.	4,772	6,556	-	11,328	-
Net pension oblg.	-	7,288	-	7,288	-
Total governmental long-term liabilities	<u>\$664,378</u>	<u>\$190,239</u>	<u>(\$201,841)</u>	<u>\$652,776</u>	<u>\$36,551</u>
Business-type activities:					
Water and sewer bonds	\$93,105	\$31,710	(\$24,315)	\$100,500	\$9,990
Premium on water and sewer bonds	-	1,113	(186)	927	-
Deferred loss on refunding	(381)	(766)	127	(1,020)	-
Net water and sewer bonds payable	<u>92,724</u>	<u>32,057</u>	<u>(24,374)</u>	<u>100,407</u>	<u>9,990</u>
Compensated Absences	<u>1,916</u>	<u>235</u>	<u>(137)</u>	<u>2,014</u>	<u>147</u>
Total business-type long term liabilities	<u>\$94,640</u>	<u>\$32,292</u>	<u>(\$24,511)</u>	<u>\$102,421</u>	<u>\$10,137</u>
Component units:					
Special obligation debt	\$17,180	\$ -	(\$17,180)	\$ -	\$ -
Sales tax payable	<u>313</u>	<u>-</u>	<u>(73)</u>	<u>240</u>	<u>74</u>
Total component unit long-term debt	<u>\$17,493</u>	<u>\$ -</u>	<u>(\$17,253)</u>	<u>\$ 240</u>	<u>\$ 74</u>

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, 2009, previously defeased debt still outstanding amounted to \$25,160,000.

Derivative Instruments

During fiscal 2009, the City refunded all \$164,265,000 Dallas Cowboys Complex Special Obligation Tax-Exempt Special Tax Bonds, Series 2005B (the "multi-Modal Bonds") with fixed rate debt (see Note 3) and terminated all associated swap agreements. Swap termination payments were made totaling \$10,885,000.

10. INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2009, is as follows (amounts in thousands):

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$4,130	\$ -
Nonmajor Funds	-	4,130
	<u>\$4,130</u>	<u>\$4,130</u>

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2010.

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	\$ 10,246	\$ 16,606
Debt Service Fund	-	6,173
Street Capital Projects	1,790	-
Stadium Venue Fund	<u>2,148</u>	<u>-</u>
Total Major Governmental Funds	14,184	22,779
Water and Sewer Fund	14,840	-
Storm Water Utility	610	4,172
Nonmajor Funds	12,758	14,728
Internal Service Funds	<u>3,300</u>	<u>4,013</u>
Total All Funds	<u>\$45,692</u>	<u>\$45,692</u>

The combined Water and Sewer, and Convention and Event Services transferred \$4,089,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred \$9,459,000 to Street Maintenance Fund, Special Transportation (Handitran), Arlington Property Finance Authority, Parks Performance Fund and other special revenue funds to cover budgeted operating expenses.

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

The Debt Service Fund received transfers of \$4,283,000 from the Convention and Event Services, Water and Sewer, Park Performance Funds, Park Capital Projects and Stadium Funds to cover debt service repayments.

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

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

State and federal laws and regulations require the City to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain maintenance functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the closure and post-closure care costs as a liability on the Statement of Net Assets in each period based on landfill capacity used as of each balance sheet date. This liability is offset by an asset recorded for a trust account established for the purpose of

paying the closure and post-closure costs as more fully described below. In 2004 the City received a permit for vertical expansion which increased the capacity and the life of the landfill. The \$6,292,000 reported as a landfill closure and post-closure accrued liability at September 30, 2009, represents the cumulative amount reported to date based on the use of approximately 73 percent of the estimated capacity of the active cells of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$2,380,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2009. The City expects to close the landfill in 2028. Actual costs may change due to inflation, changes in technology, or changes in regulations.

On March 18, 2005, the City entered into a contract with Republic Waste Services of Texas, Ltd. (Republic) for a 20 year renewable operating lease of the landfill. The City received an initial payment of \$15 million. The remaining balance of deferred revenue of \$7,088,000 will be amortized over the life of the lease. Republic is responsible for the funding of monthly contributions to a trust account that will pay closure and post-closure costs as required by state and federal laws and regulations. Republic is in compliance with these requirements and at September 30, 2009, cash and cash equivalents are held for these purposes.

12. COMMITMENTS AND CONTINGENCIES

Trinity River Authority

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

Grant Audits

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

Construction Commitments

The City has various active construction projects as of September 30, 2009. The projects include street construction, park construction, police construction, traffic construction, and the construction of water and sewer facilities. At year-end the City's commitments with contractors are as follows (amounts in thousands):

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Street Construction	\$ 63,884	\$ 10,308
Park Construction	17,012	4,598
Police Construction	-	15
Traffic Construction	7,564	279
Water and Sewer Construction	88,005	8,269
Stadium Venue	-	435
	<u>\$ 176,465</u>	<u>\$ 23,904</u>

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

Litigation

The City is currently involved in an employment lawsuit wherein the plaintiff alleges that his termination violated the Family Medical Leave Act. The case was tried by jury in April 2004. Judgment in the amount

of \$1.1 million was rendered against the City for violation of the FMLA. The case was appealed to the Fifth Circuit. On June 30, 2006, the Fifth Circuit affirmed the liability portion of the judgment and remanded the damages portion to the district court to apply an offset for benefits received from the City. Meanwhile, it was learned that the plaintiff filed bankruptcy prior to his appeal and failed to disclose the trial court judgment to the bankruptcy court. The bankruptcy case was re-opened and the bankruptcy trustee now has control of the plaintiff's claim. The District Court found that the plaintiff is judicially estopped from pursuing the judgment but the trustee can pursue the claim to the extent of the bankruptcy estate. Further, although after an evidentiary hearing, the Judge reduced the plaintiff's damages to \$357,000, he awarded attorneys' fees of \$695,357. Both sides have appealed the Judge's rulings to the Fifth Circuit Court of Appeals. Damages in the event of failing to prevail on the legal issues are anticipated to exceed \$1,000,000. Oral arguments were presented to the Fifth Circuit on September 2, 2009.

The City is currently involved in an American with Disabilities Act discrimination lawsuit in which six wheel chair bound plaintiffs allege that they are discriminated against because of the condition of curb ramps and sidewalks in the public rights of way in the City of Arlington. The City contends that the City is in compliance with the ADA. The City's motion to dismiss was granted and the case was appealed to the 5th Circuit. The 5th Circuit reversed the dismissal but applied a limitations period of two years. Thus, under the 5th Circuit's analysis, Arlington would only be responsible for non-compliant sidewalks or curbs constructed in the last two years which would be virtually none. However, both sides have filed a motion for rehearing as Arlington does not believe the analysis regarding sidewalks being a program under the ADA is correct and the plaintiffs are contesting the two year statute of limitations. The probability of an unfavorable outcome is remote.

Various claims and lawsuits are pending against the City. In the opinion of City management, the potential losses, in excess of APFA 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.

Arlington Property Finance Authority (APFA)

The APFA 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.

Annual transfers from the General Fund and the Water Fund based on actuarial projections of Ultimate Losses, are made to support the program. Under the Program Ordinance, the annual surplus on deposit in the APFA Fund may be withdrawn upon order of the City's APFA Claims Board and used for any lawful purpose. The payments out of the APFA Fund for all purposes cannot exceed \$1,000,000 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 APFA 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. These liabilities are reported in the accompanying financial statements at their present value of approximately \$2,748,000 at September 30, 2009.

Workers' Compensation

The City's workers' compensation plan provides City employees with workers' compensation insurance through the Workers' Compensation Fund (the "WCF"). Under this program, the WCF provides coverage for up to a maximum of \$500,000 per claim. The City purchases commercial insurance for claims in excess of coverage provided by the WCF. No settlements have utilized this commercial insurance coverage for the past three years. 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. These liabilities are reported in the accompanying financial statements at their present value of approximately \$5,306,000 at September 30, 2009.

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.

The year-end liability for incurred but not reported claims is reported in the accompanying financial statements at the present value of approximately \$1,694,000 at September 30, 2009.

Changes in the balances of claims liabilities during fiscal 2009 and 2008 were as follows (amounts in thousands):

	Workers' Compensation		Health		APFA	
	2009	2008	2009	2008	2009	2008
Unpaid claims Oct 1	\$ 4,479	\$ 4,699	\$ 1,600	\$ 2,315	\$ 2,223	\$ 2,578
Incurred Claims (including IBNRs and changes in estimates)	3,536	1,581	15,651	14,655	1,194	(183)
Claim payments	<u>(2,709)</u>	<u>(1,801)</u>	<u>(15,557)</u>	<u>(15,370)</u>	<u>(669)</u>	<u>(172)</u>
Unpaid Claims Sept 30	<u>\$ 5,306</u>	<u>\$ 4,479</u>	<u>\$ 1,694</u>	<u>\$ 1,600</u>	<u>\$ 2,748</u>	<u>\$ 2,223</u>

14. LEASES

A. As Lessee

As lessee, the City is committed under various leases for data processing and office equipment. These leases are considered for accounting purposes to be capital leases. The liability for future capital lease payments totals approximately \$751,000 and is reported as capital lease obligations current liabilities (approximately \$326,000) and capital lease obligations non-current liabilities (approximately \$425,000) in the General Services Fund and the Court Technology Fund.

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

<u>Year ending</u> <u>September 30, 2009</u>	<u>Rental</u> <u>Payments</u>
2010	\$448
2011	268
2012	70
2013	<u>17</u>
Total minimum future lease payments	803
Less: Amount representing interest	<u>(52)</u>
Present value of net minimum lease payments	<u>\$751</u>

The City's investment in equipment under capital lease arrangements as of September 30, 2009 is \$3,363,000.

B. As Lessor

Effective October 1, 1983, the City entered into a contract to lease a tract of land for the purpose of constructing and developing a hotel. The term of the lease is for an initial period of fifty years with renewal options for two additional terms of fifteen years each. The rental payments are based upon a percentage (ranging from 1.0 percent - 1.75 percent) of gross revenues (as defined in the agreement) through December 31, 2006. After December 31, 2006, the lessee shall pay the total annual rent of \$250,000. For each year thereafter the lessee shall pay an annual rent amount equal to the previous year's rent plus an increase not to exceed the effective percentage change in the Consumer Price Index (Specifically CPI-U for Dallas-Fort Worth region) for the previous 12 month period. Total rental payments received in 2009 were approximately \$265,667.

15. DISPUTE SETTLEMENT AGREEMENT

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

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

<u>Year</u>	<u>Amount</u>
2009	\$ 800,000
2010	900,000
2011	1,000,000
2012	1,000,000
2013	1,000,000
2014 to 2018	5,000,000
2019 to 2023	5,000,000
2024	<u>1,000,000</u>
	15,700,000
Less Discount	<u>5,193,000</u>
	<u>\$10,507,000</u>

The total is reported as a settlement agreement receivable by the ASFDA. The payment in 2024 is due on or before March 1. By entering into this agreement, the ASFDA and the City agreed to release and discharge the Rangers from the Claim.

16. CAPITAL LEASE

A lease agreement was executed on June 23, 1992 between the Texas Rangers, Ltd. (the Rangers) and the ASFDA for the Ballpark Complex Development (the Facility). The lease is a triple net lease to the Rangers, with the Rangers retaining all concession and signage rights. The Rangers agreed to pay a base rent of \$2,000,000 per year for the 30-year term of the lease. Upon retirement or defeasance of the debt, the Rangers have the option to purchase the Facility, excluding the linear park, at a cost of \$60,000,000, with full credit given for all base and additional rents paid, as well as up to \$1,500,000 annual credit for maintenance costs paid on the Facility by the Rangers. If the purchase option is exercised, the Rangers are committed to play baseball in the City for ten additional years.

Pursuant to applicable accounting standards, the lease of the Facility to the Rangers has been accounted for as a capital lease in the component unit, ASFDA. Accordingly, a lease receivable has been established representing the future expected lease proceeds and the capital assets have been removed from the accounts of the ASFDA. As of September 30, 2009 the lease receivable balance was \$17,220,963.

Minimum future rentals are as follows:

September 30

2010	\$ 2,000,000
2011	2,000,000
2012	2,000,000
2013	2,000,000
2014	2,000,000
2015-2019	10,000,000
2020-2024	<u>9,055,556</u>
	29,055,556
Less Discount	<u>11,834,593</u>
Minimum future lease rentals	<u>\$17,220,963</u>

17. CONDENSED COMPONENT UNIT INFORMATION

The City includes five component units in its reporting entity (see note I.B.). Condensed component unit information for the year ended September 30, 2009, for all discretely presented component units is as follows (amounts in thousands):

Condensed Schedule of Net Assets

	Arlington Sports Facilities Development Authority, Inc.	Arlington Tomorrow Foundation	Housing Authority	Other Discretely Presented Component Units	Total Discretely Presented Component Units
Current and other assets	\$28,239	\$56,223	\$ 5,678	\$801	\$ 90,941
Capital assets	<u>1,041</u>	-	<u>469</u>	<u>199</u>	<u>1,709</u>
Total assets	<u>29,280</u>	<u>56,223</u>	<u>6,147</u>	<u>1,000</u>	<u>92,650</u>
Long-term liabilities outstanding	166	-	-	-	166
Other liabilities	<u>74</u>	<u>3,672</u>	<u>836</u>	<u>272</u>	<u>4,854</u>
Total liabilities	<u>240</u>	<u>3,672</u>	<u>836</u>	<u>272</u>	<u>5,020</u>
Net assets:					
Invested in capital assets, net of related debt	1,041	-	469	196	1,706
Restricted	-	52,551	-	-	52,551
Unrestricted	<u>27,999</u>	-	<u>4,842</u>	<u>532</u>	<u>33,373</u>
Total net assets	<u>\$29,040</u>	<u>\$52,551</u>	<u>\$5,311</u>	<u>\$728</u>	<u>\$87,630</u>

Condensed Schedule of Activities

	Arlington Sports Facilities Development Authority, Inc.	Arlington Tomorrow Foundation	Housing Authority	Other Discretely Presented Component Units	Total Discretely Presented Component Units
Expenses	\$ 3,221	\$1,101	\$25,558	\$4,202	\$34,082
Program Revenues:					
Charges for services	1,510	15,102	-	3,858	20,470
Operating grants and contributions	-	-	22,737	67	22,804
Capital grants and Contributions	-	-	-	-	-
Net Program (Expense) Revenue	<u>(1,711)</u>	<u>14,001</u>	<u>(2,821)</u>	<u>(277)</u>	<u>9,192</u>
Interest Revenues	1,478	1,462	149	10	3,099
Other NonTax General Revenues	<u>483</u>	<u>323</u>	<u>875</u>	<u>3</u>	<u>1,684</u>
Change in Net Assets	250	15,786	(1,797)	(264)	13,975
Net Assets, October 1,	<u>28,790</u>	<u>36,765</u>	<u>7,108</u>	<u>992</u>	<u>73,655</u>
Net Assets, September 30	<u>\$29,040</u>	<u>\$52,551</u>	<u>\$ 5,311</u>	<u>\$ 728</u>	<u>\$87,630</u>

Conduit Debt - Mortgage Revenue Bonds

The Arlington Housing Finance Corporation issues Single Family Revenue Bonds. The proceeds of the bonds are placed in trust to be used for the origination of qualifying single-family mortgages or to refund, at any time, bonds previously issued by Arlington Housing Finance Corporation. The bonds are to be paid only from the funds placed in trust, and these funds can be used only for purposes specified in the bond indenture. Arlington Housing Finance Corporation is liable to the bondholders only to the extent of the related revenues and assets pledged under the indenture. Therefore, these transactions are accounted

for as conduit debt, and the principal amount of the bonds outstanding and assets held by the trustee are not reflected on the face of the financial statements.

At September 30, 2009, outstanding conduit debt was as follows:

<u>Bond Series</u>	<u>Original Issue Amount</u>	<u>Outstanding Amount</u>
Arlington 03B	\$ 12,375,000	\$ 3,503,540
Arlington 06	12,857,000	11,435,101
Total	<u>\$25,232,000</u>	<u>\$14,938,641</u>

18. SUBSEQUENT EVENTS

In October 2009, the City issued Permanent Improvement and Refunding Bonds, Series 2009 of \$29.4 million with an interest rate of 3.55 percent and serial maturities through FY 2029 for various permanent public improvements in the City and to refund a portion of the City's commercial paper. The City also issued Combination Tax and Revenue Certificates of Obligation, Series 2009A of \$6.9 million with an interest rate range of 1.0 to 4.0 percent and serial maturities through FY 2016 and Combination Tax and Revenue Certificates of Obligation Series 2009B with an interest rate range of 2.0 percent to 2.20 percent and serial maturities through FY 2016 for various permanent improvements in the City.

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2009 (Unaudited)
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	
REVENUES						
Taxes	\$ 133,022	\$ 133,022	\$ 127,404	\$ 3,350	\$ 130,754	\$ (2,268)
Licenses and permits	5,260	5,260	5,881	-	5,881	621
Utility franchise fees	31,535	31,535	25,038	6,195	31,233	(302)
Fines and forfeitures	11,474	11,474	12,949	-	12,949	1,475
Leases, rents and concessions	8,095	8,095	9,020	800	9,820	1,725
Service charges	7,403	7,403	4,371	3,018	7,389	(14)
Interest revenue	2,659	2,659	1,508	-	1,508	(1,151)
Other revenue	20	20	827	(800)	27	7
Net increase (decrease) in the fair value of investments	-	-	346	(346)	-	-
Total Revenues	<u>199,468</u>	<u>199,468</u>	<u>187,344</u>	<u>12,217</u>	<u>199,561</u>	<u>93</u>
EXPENDITURES						
Current-						
General government	37,226	37,226	34,513	(94)	34,419	2,807
Public safety	118,313	118,313	116,517	1,175	117,692	621
Public works	27,376	27,376	25,118	1,381	26,499	877
Public health	1,660	1,660	1,892	(3)	1,889	(229)
Parks and recreation	13,941	13,941	13,572	237	13,809	132
Capital outlay	-	-	-	-	-	-
Total Expenditures	<u>198,516</u>	<u>198,516</u>	<u>191,612</u>	<u>2,696</u>	<u>194,308</u>	<u>4,208</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>952</u>	<u>952</u>	<u>(4,268)</u>	<u>9,521</u>	<u>5,253</u>	<u>4,301</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	8,528	8,528	16,606	(8,745)	7,861	(667)
Transfers out	(9,459)	(9,459)	(10,246)	337	(9,909)	(450)
Total Other Financing Sources (Uses)	<u>(931)</u>	<u>(931)</u>	<u>6,360</u>	<u>(8,408)</u>	<u>(2,048)</u>	<u>(1,117)</u>
Net Change In Fund Balances	<u>21</u>	<u>21</u>	<u>2,092</u>	<u>1,113</u>	<u>3,205</u>	<u>3,184</u>
Fund Balances, October 1	<u>56,189</u>	<u>56,189</u>	<u>56,189</u>	<u>-</u>	<u>56,189</u>	<u>-</u>
Fund Balances, September 30	<u>\$ 56,210</u>	<u>\$ 56,210</u>	<u>\$ 58,281</u>	<u>\$ 1,113</u>	<u>\$ 59,394</u>	<u>\$ 3,184</u>

**CITY OF ARLINGTON, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS - TMRS
 LAST THREE FISCAL YEARS (Unaudited)**

The following table discloses certain three-year historical trend information presenting the City's progress in accumulating sufficient assets to pay benefits when due (amounts expressed in thousands, except for percentages):

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Percent	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/06	\$342,766	\$466,521	\$(123,755)	73.5%	\$128,574	96.3%
12/31/07	348,785	569,404	(220,619)	61.3%	130,958	168.5%
12/31/08	360,029	594,442	(234,413)	60.6%	143,791	163.0%

**CITY OF ARLINGTON, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS - PART-TIME DEFERRED INCOME TRUST
 LAST THREE FISCAL YEARS (Unaudited)**

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Excess Funded AAL (EAAL)	Funded Percent	Annual Covered Payroll	EAAL as a Percentage of Covered Payroll
7/1/06	\$ 1,270	\$1,056	\$214	120.3%	\$2,558	8.4%
7/1/07	1,485	1,156	329	128.5%	3,328	9.9%
7/1/08	1,616	1,255	361	128.8%	4,097	8.8%

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/07	\$349	\$2,633	13.3%	\$(2,284)	\$105,480	2.2%
7/1/08	482	2,734	17.6%	(2,252)	117,128	1.9%
7/1/09	581	2,770	21.0%	(2,189)	122,952	1.8%

**CITY OF ARLINGTON, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT HEALTHCARE PLAN
 LAST FISCAL YEAR (Unaudited)**

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/07	0	\$101.8	0%	\$101.8	\$138.0	73.8%
1/1/09	0	\$104.5	0%	\$104.5	\$106.0	98.6%

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

FEDERAL TRANSIT ADMINISTRATION FUND - This fund accounts for money received from the Urban Mass Transportation Administration and related expenditures for the operation of a transportation system for the elderly and handicapped and various capital expenditures for transportation related projects.

STREET MAINTENANCE FUND - This fund accounts for money received from the Street Maintenance Fee to be used for the maintenance, rehabilitation, and repair of existing city streets.

DOWNTOWN TAX INCREMENT FINANCING - 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 - This fund accounts for money received from the Department of Homeland Security. These funds are used to support the Emergency Operations Center.

GAS LEASE – This fund accounts for the money received for various gas leases throughout the City.

TEXAS CRIMINAL JUSTICE DIVISION FUND - This fund accounts for money received from the State of Texas Criminal Justice Division and related expenditures for various law enforcement and criminal justice related projects.

PARK PERFORMANCE FUND - This fund accounts for the revenues and expenditures from golf and other recreational activities.

CONVENTION AND EVENT SERVICES FUND - This fund accounts for the operations of the Convention Center.

OTHER SPECIAL REVENUE FUNDS - Other Special Revenue Funds consist of special revenue funds which are individually insignificant to the Special Revenue Fund's assets, liabilities, revenues, expenditures, and fund balance as a whole. These funds are the Texas Department of Aviation, Federal Drug Enforcement Administration, North Central Texas Council of Governments, Emergency Physicians' Advisory Board, Emergency Shelter Grant, Arlington Telecable, Law Enforcement Officers Standards and Education, Court Security, Police Restricted Fund, Local Law Enforcement Block Grant, Court Technology Fund, Texas State Library, Gifts and Donations, Auto Theft Prevention, Infrastructure Maintenance Reserve, Historic Preservation, Disaster Assistance Fund, Tax Increment Reinvestment Zone #5, Highlands TIF, Juvenile Case Manager, HUD Special Projects, COPS Technical Grant, Environmental Protection Agency, Forestry Fund, US Army Corps of Engineers, Texas Parks and Wildlife, and Texas Historical Commission.

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.

POLICE CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for construction and other capital project expenditures related to building police stations and funding other police related projects.

FIRE CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for construction and other capital project expenditures related to building fire stations and funding other fire prevention related projects.

LIBRARY CAPITAL PROJECTS FUND - The primary purpose of this fund is to account for construction and other capital project expenditures related to building branch libraries, acquiring additions to the library collection and funding library related projects.

STORMWATER UTILITY CAPITAL PROJECTS FUND - The purpose of this fund is to account for the construction and maintenance of the City's storm sewers.

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

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

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

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

CITY OF ARLINGTON, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue					
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant	Home Investment Partnership
ASSETS						
Cash and cash equivalents	\$ -	\$ 13,134	\$ 5,225	\$ -	\$ -	\$ -
Receivables (net of allowances for uncollectibles)						
Taxes	-	-	-	-	-	-
Sales taxes	-	2,029	-	-	-	-
Other	-	1	-	-	591	-
Inventory, at cost	-	-	-	-	-	-
Due from other governments	900	-	-	1,079	474	663
Total Assets	\$ 900	\$ 15,164	\$ 5,225	\$ 1,079	\$ 1,065	\$ 663
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 169	\$ 1,040	\$ -	\$ 241	\$ 148	\$ 81
Retainage payable	-	-	-	-	132	26
Due to other funds	731	-	-	838	154	539
Deferred revenue						
Gas lease	-	-	-	-	-	-
Other	837	-	-	1,017	1,404	17
Commercial paper	-	-	-	-	-	-
Total Liabilities	1,737	1,040	-	2,096	1,838	663
FUND BALANCES						
Reserved for encumbrances	658	6,316	-	1,082	1,579	351
Reserved for inventory	-	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-	-
Reserved for street maintenance	-	5,763	-	-	-	-
Reserved for court technology	-	-	-	-	-	-
Reserved for juvenile case manager	-	-	-	-	-	-
Unreserved-						
Designated for working capital	-	2,045	-	-	-	-
Designated for hotel feasibility	-	-	-	-	-	-
Designated for capital maintenance	-	-	-	-	-	-
Designated for neighborhood grants	-	-	-	-	-	-
Designated for innovation/venture	-	-	-	-	-	-
Designated for reimbursement	-	-	1,588	-	-	-
Reported in special revenue funds	(1,495)	-	3,637	(2,099)	(2,352)	(351)
Total Fund Balance	(837)	14,124	5,225	(1,017)	(773)	-
Total Liabilities and Fund Balance	\$ 900	\$ 15,164	\$ 5,225	\$ 1,079	\$ 1,065	\$ 663

Special Revenue						Capital Projects	
FEMA	Gas Lease	Texas Criminal Justice Division	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities	Police
\$ -	\$ 5,188	\$ -	\$ 1,311	\$ 356	\$ 7,178	\$ 918	\$ -
-	-	-	-	1,322	-	-	-
-	2	-	25	34	241	-	-
-	-	-	206	-	-	-	-
1,345	-	93	-	-	435	-	-
<u>\$ 1,345</u>	<u>\$ 5,190</u>	<u>\$ 93</u>	<u>\$ 1,542</u>	<u>\$ 1,712</u>	<u>\$ 7,854</u>	<u>\$ 918</u>	<u>\$ -</u>
\$ 22	\$ 3	\$ 8	\$ 569	\$ 148	\$ 155	\$ 39	\$ -
-	-	-	-	-	3	41	-
1,265	-	84	-	-	393	-	126
-	407	-	-	-	-	-	-
1,068	-	46	172	368	464	-	-
-	-	-	-	-	-	-	-
<u>2,355</u>	<u>410</u>	<u>138</u>	<u>741</u>	<u>516</u>	<u>1,015</u>	<u>80</u>	<u>126</u>
349	89	-	61	131	2,576	3,018	15
-	-	-	206	-	-	-	-
-	-	-	-	-	-	(2,180)	(141)
-	-	-	-	-	-	-	-
-	-	-	-	-	162	-	-
-	-	-	-	-	228	-	-
-	-	-	-	-	-	-	-
-	-	-	-	200	-	-	-
-	-	-	-	611	-	-	-
-	389	-	-	-	-	-	-
-	1,728	-	-	-	-	-	-
-	-	-	-	-	245	-	-
(1,359)	2,574	(45)	534	254	3,628	-	-
<u>(1,010)</u>	<u>4,780</u>	<u>(45)</u>	<u>801</u>	<u>1,196</u>	<u>6,839</u>	<u>838</u>	<u>(126)</u>
<u>\$ 1,345</u>	<u>\$ 5,190</u>	<u>\$ 93</u>	<u>\$ 1,542</u>	<u>\$ 1,712</u>	<u>\$ 7,854</u>	<u>\$ 918</u>	<u>\$ -</u>

CITY OF ARLINGTON, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects						Total Nonmajor Governmental Funds	
	Fire	Library	Stormwater Utility	Park	TIRZ #5	Traffic		Airport
ASSETS								
Cash and cash equivalents	\$ 635	\$ 415	\$ -	\$ 20,635	\$ 6,570	\$ 7,362	\$ 2,565	\$ 71,492
Receivables (net of allowances for uncollectibles)								
Taxes	-	-	-	-	-	-	-	1,322
Sales tax	-	-	-	-	-	-	-	2,029
Other	-	-	-	-	-	-	-	894
Inventory, at cost	-	-	-	-	-	-	-	206
Due from other governments	-	-	-	-	-	-	-	4,989
Total Assets	<u>\$ 635</u>	<u>\$ 415</u>	<u>\$ -</u>	<u>\$ 20,635</u>	<u>\$ 6,570</u>	<u>\$ 7,362</u>	<u>\$ 2,565</u>	<u>\$ 80,932</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ -	\$ 42	\$ -	\$ 993	\$ 779	\$ 39	\$ 787	\$ 5,263
Retainage payable	301	2	-	110	431	-	95	1,141
Due to other funds	-	-	-	-	-	-	-	4,130
Deferred revenue								
Gas lease	-	-	-	-	-	-	-	407
Other	-	-	-	-	-	-	-	5,393
Commercial paper	-	500	-	4,500	-	-	-	5,000
Total Liabilities	<u>301</u>	<u>544</u>	<u>-</u>	<u>5,603</u>	<u>1,210</u>	<u>39</u>	<u>882</u>	<u>21,334</u>
FUND BALANCES								
Reserved for encumbrances	5	-	-	4,650	2,323	279	125	23,607
Reserved for inventory	-	-	-	-	-	-	-	206
Reserved for capital projects	329	(129)	-	10,382	3,037	7,044	1,558	19,900
Reserved for street maintenance	-	-	-	-	-	-	-	5,763
Reserved for court technology	-	-	-	-	-	-	-	162
Reserved for juvenile case manager	-	-	-	-	-	-	-	228
Unreserved-								
Designated for working capital	-	-	-	-	-	-	-	2,045
Designated for hotel feasibility	-	-	-	-	-	-	-	200
Designated for capital maintenance	-	-	-	-	-	-	-	611
Designated for neighborhood grants	-	-	-	-	-	-	-	389
Designated for innovation/venture	-	-	-	-	-	-	-	1,728
Designated for reimbursement	-	-	-	-	-	-	-	1,833
Reported in special revenue funds	-	-	-	-	-	-	-	2,926
Total Fund Balance	<u>334</u>	<u>(129)</u>	<u>-</u>	<u>15,032</u>	<u>5,360</u>	<u>7,323</u>	<u>1,683</u>	<u>59,598</u>
Total Liabilities and Fund Balance	<u>\$ 635</u>	<u>\$ 415</u>	<u>\$ -</u>	<u>\$ 20,635</u>	<u>\$ 6,570</u>	<u>\$ 7,362</u>	<u>\$ 2,565</u>	<u>\$ 80,932</u>

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue					
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant	Home Investment Partnership
REVENUES						
Taxes	\$ -	\$ 11,561	\$ 981	\$ -	\$ -	\$ -
Service charges	179	-	-	-	-	-
Intergovernmental	114	-	-	661	2,896	2,392
Interest revenue	-	272	109	-	-	-
Net increase (decrease) in the fair value of investments	-	74	31	-	-	-
Contributions	-	-	-	-	-	-
Gas lease	-	-	-	-	-	-
Other	13	20	-	-	138	25
Total Revenues	<u>306</u>	<u>11,927</u>	<u>1,121</u>	<u>661</u>	<u>3,034</u>	<u>2,417</u>
EXPENDITURES						
Current:						
General government	-	-	255	-	-	-
Public safety	-	-	-	686	-	-
Public works	-	13,937	-	-	-	-
Public health	-	-	-	-	-	-
Public welfare	2,405	-	-	-	3,288	2,417
Parks and recreation	-	-	-	-	-	-
Convention and event services	-	-	-	-	-	-
Capital outlay	-	-	-	661	-	-
Total Expenditures	<u>2,405</u>	<u>13,937</u>	<u>255</u>	<u>1,347</u>	<u>3,288</u>	<u>2,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,099)</u>	<u>(2,010)</u>	<u>866</u>	<u>(686)</u>	<u>(254)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Proceeds on sale of capital asset	-	-	-	-	-	-
Transfers in	1,262	5,189	-	127	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,262</u>	<u>5,189</u>	<u>-</u>	<u>127</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	<u>(837)</u>	<u>3,179</u>	<u>866</u>	<u>(559)</u>	<u>(254)</u>	<u>-</u>
Fund Balance, October 1	-	10,945	4,359	(458)	(519)	-
Fund Balance, September 30	<u>\$ (837)</u>	<u>\$ 14,124</u>	<u>\$ 5,225</u>	<u>\$ (1,017)</u>	<u>\$ (773)</u>	<u>\$ -</u>

Special Revenue						Capital Projects	
FEMA	Gas Lease	Texas Criminal Justice Division	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities	Police
\$ -	\$ -	\$ -	\$ -	\$ 4,835	\$2,128	\$ -	\$ -
-	-	-	8,774	2,535	1,047	-	-
4,922	-	341	-	-	2,492	-	-
-	121	-	39	23	122	83	8
-	-	-	-	(1)	8	1	(2)
-	-	-	-	-	-	57	-
-	4,430	-	-	-	-	-	-
-	28	-	325	1	2,094	-	-
<u>4,922</u>	<u>4,579</u>	<u>341</u>	<u>9,138</u>	<u>7,393</u>	<u>7,891</u>	<u>141</u>	<u>6</u>
-	-	-	-	-	947	129	-
5,733	-	390	-	-	1,098	-	-
-	-	-	-	-	2,719	-	-
-	-	-	-	-	395	-	-
-	1,573	-	-	-	459	-	-
-	-	-	10,446	-	67	-	-
-	-	-	-	6,299	-	-	-
-	-	-	-	-	1,032	3,560	321
<u>5,733</u>	<u>1,573</u>	<u>390</u>	<u>10,446</u>	<u>6,299</u>	<u>6,717</u>	<u>3,689</u>	<u>321</u>
(811)	3,006	(49)	(1,308)	1,094	1,174	(3,548)	(315)
-	-	-	-	-	201	-	-
30	-	15	2,233	-	410	-	-
-	(3,164)	-	(263)	(1,269)	(738)	(45)	-
<u>30</u>	<u>(3,164)</u>	<u>15</u>	<u>1,970</u>	<u>(1,269)</u>	<u>(127)</u>	<u>(45)</u>	<u>-</u>
(781)	(158)	(34)	662	(175)	1,047	(3,593)	(315)
(229)	4,938	(11)	139	1,371	5,792	4,431	189
<u>\$ (1,010)</u>	<u>\$ 4,780</u>	<u>\$ (45)</u>	<u>\$ 801</u>	<u>\$ 1,196</u>	<u>\$6,839</u>	<u>\$ 838</u>	<u>\$ (126)</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Capital Projects						Total Nonmajor Governmental Funds
	Fire	Library	Stormwater Utility	Park	TIRZ #5	Traffic	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,505
Service charges	-	-	-	867	-	-	13,402
Intergovernmental	-	-	-	-	-	-	13,818
Interest revenue	30	20	-	502	382	161	1,998
Net increase (decrease) in the fair value of investments	-	-	-	116	10	42	289
Contributions	-	-	-	493	-	273	823
Gas lease	-	-	-	-	-	-	4,430
Other	-	-	-	655	-	-	3,299
Total Revenues	<u>30</u>	<u>20</u>	<u>-</u>	<u>2,633</u>	<u>392</u>	<u>476</u>	<u>57,564</u>
EXPENDITURES							
Current:							
General government	-	306	-	-	-	-	1,637
Public safety	-	-	-	-	-	-	7,907
Public works	-	-	-	-	-	-	16,656
Public health	-	-	-	-	-	-	395
Public welfare	-	-	-	-	-	-	10,142
Parks and recreation	-	-	-	-	-	-	10,513
Convention and event services	-	-	-	-	-	-	6,299
Capital outlay	1,568	289	-	4,885	23,119	1,065	38,300
Total Expenditures	<u>1,568</u>	<u>595</u>	<u>-</u>	<u>4,885</u>	<u>23,119</u>	<u>1,065</u>	<u>91,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,538)</u>	<u>(575)</u>	<u>-</u>	<u>(2,252)</u>	<u>(22,727)</u>	<u>(589)</u>	<u>(34,285)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital asset	-	-	-	-	-	-	201
Transfers in	-	-	-	1,739	1,194	1,790	14,728
Transfers out	-	-	(4,172)	(531)	(2,165)	(34)	(12,758)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(4,172)</u>	<u>1,208</u>	<u>(971)</u>	<u>1,756</u>	<u>2,171</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	<u>(1,538)</u>	<u>(575)</u>	<u>(4,172)</u>	<u>(1,044)</u>	<u>(23,698)</u>	<u>1,167</u>	<u>(32,114)</u>
Fund Balance, October 1	<u>1,872</u>	<u>446</u>	<u>4,172</u>	<u>16,076</u>	<u>29,058</u>	<u>6,156</u>	<u>91,712</u>
Fund Balance, September 30	<u>\$ 334</u>	<u>\$ (129)</u>	<u>\$ -</u>	<u>\$ 15,032</u>	<u>\$ 5,360</u>	<u>\$ 7,323</u>	<u>\$ 59,598</u>

CITY OF ARLINGTON, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		
REVENUES						
Taxes	\$ 36,505	\$ 36,505	\$ 61,847	\$ (25,096)	\$ 36,751	\$ 246
Interest revenue	598	598	897	(434)	463	(135)
Net increase (decrease) in fair value of investments	-	-	964	(950)	14	14
Leases, rents and concessions	-	-	667	(667)	-	-
Other revenue	-	-	105	(105)	-	-
Total Revenues	<u>37,103</u>	<u>37,103</u>	<u>64,480</u>	<u>(27,252)</u>	<u>37,228</u>	<u>125</u>
EXPENDITURES						
Debt Service-						
Principal retirement	25,230	25,230	30,180	(4,950)	25,230	-
Interest and fiscal charges	15,744	15,744	48,672	(28,707)	19,965	(4,221)
Total Expenditures	<u>40,974</u>	<u>40,974</u>	<u>78,852</u>	<u>(33,657)</u>	<u>45,195</u>	<u>(4,221)</u>
Deficiency of Revenues Under Expenditures	<u>(3,871)</u>	<u>(3,871)</u>	<u>(14,372)</u>	<u>6,405</u>	<u>(7,967)</u>	<u>(4,096)</u>
OTHER FINANCING SOURCES						
Proceeds from refunding bond issue	-	-	175,005	(175,005)	-	-
Amount used to fund escrow account	-	-	(164,265)	164,265	-	-
Bond discount	-	-	(4,130)	4,130	-	-
Transfers in	4,130	4,130	6,173	(2,043)	4,130	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	<u>4,130</u>	<u>4,130</u>	<u>12,783</u>	<u>(8,653)</u>	<u>4,130</u>	<u>-</u>
Net Change In Fund Balances	<u>259</u>	<u>259</u>	<u>(1,589)</u>	<u>(2,248)</u>	<u>(3,837)</u>	<u>(4,096)</u>
Fund Balances - Beginning	<u>50,274</u>	<u>50,274</u>	<u>50,274</u>	<u>-</u>	<u>50,274</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 50,533</u>	<u>\$ 50,533</u>	<u>\$ 48,685</u>	<u>\$ (2,248)</u>	<u>\$ 46,437</u>	<u>\$ (4,096)</u>

**CITY OF ARLINGTON, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 STREET MAINTENANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Variance with Final Budget- Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Adjustments to Budgetary Basis</u>		<u>Actual on Budgetary Basis</u>
REVENUES						
Taxes	\$ 12,056	\$ 12,056	\$ 11,561	\$ -	\$ 11,561	\$ (495)
Interest revenue	400	400	272	-	272	(128)
Net increase in the fair value of investments	-	-	74	-	74	74
Other revenue	-	-	20	-	20	20
Total Revenues	<u>12,456</u>	<u>12,456</u>	<u>11,927</u>	<u>-</u>	<u>11,927</u>	<u>(529)</u>
EXPENDITURES						
Current-						
Public works	21,035	21,035	13,937	3,799	17,736	3,299
Total Expenditures	<u>21,035</u>	<u>21,035</u>	<u>13,937</u>	<u>3,799</u>	<u>17,736</u>	<u>3,299</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(8,579)</u>	<u>(8,579)</u>	<u>(2,010)</u>	<u>(3,799)</u>	<u>(5,809)</u>	<u>2,770</u>
OTHER FINANCING SOURCES						
Transfers in	5,389	5,389	5,189	-	5,189	(200)
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	<u>5,389</u>	<u>5,389</u>	<u>5,189</u>	<u>-</u>	<u>5,189</u>	<u>(200)</u>
Net Change In Fund Balances	<u>(3,190)</u>	<u>(3,190)</u>	<u>3,179</u>	<u>(3,799)</u>	<u>(620)</u>	<u>2,570</u>
Fund Balances - Beginning	<u>10,945</u>	<u>10,945</u>	<u>10,945</u>	<u>-</u>	<u>10,945</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 7,755</u>	<u>\$ 7,755</u>	<u>\$ 14,124</u>	<u>\$ (3,799)</u>	<u>\$ 10,325</u>	<u>\$ 2,570</u>

CITY OF ARLINGTON, TEXAS
 BUDGETARY COMPARISON SCHEDULE
 PARK PERFORMANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (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						
Service charges	\$ 8,783	\$ 8,783	\$ 8,774	\$ -	\$ 8,774	\$ (9)
Other	-	-	325	-	325	325
Interest revenue	-	-	39	-	39	39
Total Revenues	<u>8,783</u>	<u>8,783</u>	<u>9,138</u>	<u>-</u>	<u>9,138</u>	<u>355</u>
EXPENDITURES						
Current-						
Parks and recreation	10,925	10,925	10,446	13	10,459	466
Total Expenditures	<u>10,925</u>	<u>10,925</u>	<u>10,446</u>	<u>13</u>	<u>10,459</u>	<u>466</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(2,142)</u>	<u>(2,142)</u>	<u>(1,308)</u>	<u>(13)</u>	<u>(1,321)</u>	<u>821</u>
OTHER FINANCING USES						
Transfers in	2,749	2,749	2,233	-	2,233	(516)
Transfers out	(786)	(786)	(263)	-	(263)	523
Total Other Financing Uses	<u>1,963</u>	<u>1,963</u>	<u>1,970</u>	<u>-</u>	<u>1,970</u>	<u>7</u>
Net Change In Fund Balances	<u>(179)</u>	<u>(179)</u>	<u>662</u>	<u>(13)</u>	<u>649</u>	<u>828</u>
Fund Balances - Beginning	<u>139</u>	<u>139</u>	<u>139</u>	<u>-</u>	<u>139</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ 801</u>	<u>\$ (13)</u>	<u>\$ 788</u>	<u>\$ 828</u>

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
CONVENTION AND EVENT SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		Actual on Budgetary Basis
REVENUES						
Taxes	\$ 5,500	\$ 5,500	\$ 4,835	\$ -	\$ 4,835	\$ (665)
Service charges	2,480	2,480	2,535	-	2,535	55
Interest revenue	-	-	23	-	23	23
Net decrease in the fair value of investments	-	-	(1)	-	(1)	(1)
Other	15	15	1	-	1	(14)
Total Revenues	<u>7,995</u>	<u>7,995</u>	<u>7,393</u>	<u>-</u>	<u>7,393</u>	<u>(602)</u>
EXPENDITURES						
Current-						
Convention & event services	6,949	6,949	6,299	(147)	6,152	797
Total Expenditures	<u>6,949</u>	<u>6,949</u>	<u>6,299</u>	<u>(147)</u>	<u>6,152</u>	<u>797</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>1,046</u>	<u>1,046</u>	<u>1,094</u>	<u>147</u>	<u>1,241</u>	<u>195</u>
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,728)	(1,728)	(1,269)	(105)	(1,374)	354
Total Other Financing Sources (Uses)	<u>(1,728)</u>	<u>(1,728)</u>	<u>(1,269)</u>	<u>(105)</u>	<u>(1,374)</u>	<u>354</u>
Net Change In Fund Balances	<u>(682)</u>	<u>(682)</u>	<u>(175)</u>	<u>42</u>	<u>(133)</u>	<u>549</u>
Fund Balances - Beginning	<u>1,371</u>	<u>1,371</u>	<u>1,371</u>	<u>-</u>	<u>1,371</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 689</u>	<u>\$ 689</u>	<u>\$ 1,196</u>	<u>\$ 42</u>	<u>\$ 1,238</u>	<u>\$ 549</u>

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON STATEMENT
WATER AND SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUES						
Water sales	\$ 57,444	\$ 57,444	\$ 57,685	\$ (203)	\$ 57,482	\$ 38
Sewer service	47,315	47,315	45,749	13	45,762	(1,553)
Sundry	4,520	4,520	4,790	12	4,802	282
Total Operating Revenues	<u>109,279</u>	<u>109,279</u>	<u>108,224</u>	<u>(178)</u>	<u>108,046</u>	<u>(1,233)</u>
EXPENDITURES						
Purchases of water	\$ 14,430	\$ 14,430	\$ 13,082	\$ -	\$ 13,082	\$ 1,348
Purchase of sewage treatment	21,886	21,886	22,126	-	22,126	(240)
Salaries and wages	12,372	12,372	11,725	70	11,795	577
Employees' retirement	1,806	1,806	1,739	-	1,739	67
Supplies	3,746	3,746	4,077	287	4,364	(618)
Maintenance and repairs	3,188	3,188	3,300	86	3,386	(198)
Utilities	4,385	4,385	3,181	-	3,181	1,204
Franchise fees	6,195	6,195	-	6,195	6,195	-
Payment in lieu of taxes	3,350	3,350	-	3,350	3,350	-
Depreciation	-	-	12,273	(12,273)	-	-
Miscellaneous services	5,282	5,282	4,177	777	4,954	328
Total Operating Expenses	<u>76,640</u>	<u>76,640</u>	<u>75,680</u>	<u>(1,508)</u>	<u>74,172</u>	<u>2,468</u>
Operating Income	<u>32,639</u>	<u>32,639</u>	<u>32,544</u>	<u>1,330</u>	<u>33,874</u>	<u>1,235</u>
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	1,400	1,400	1,461	349	1,810	410
Net increase (decrease) in the fair value of investments	-	-	180	(180)	-	-
Interest expense and fiscal charges	<u>(16,602)</u>	<u>(16,602)</u>	<u>(1,108)</u>	<u>(12,758)</u>	<u>(13,866)</u>	<u>2,736</u>
Total Nonoperating Revenues (Expenses)	<u>(15,202)</u>	<u>(15,202)</u>	<u>533</u>	<u>(12,589)</u>	<u>(12,056)</u>	<u>3,146</u>
Income before operating transfers and contributions	<u>17,437</u>	<u>17,437</u>	<u>33,077</u>	<u>(11,259)</u>	<u>21,818</u>	<u>4,381</u>
Contributions in aid of construction	-	-	2,018	(2,018)	-	-
Transfers in						
Transfers out	<u>(16,757)</u>	<u>(16,757)</u>	<u>(14,840)</u>	<u>(7,418)</u>	<u>(22,258)</u>	<u>(5,501)</u>
Change in net assets	680	680	20,255	(20,695)	(440)	(1,120)
Total net assets-beginning	<u>477,810</u>	<u>477,810</u>	<u>477,810</u>	<u>-</u>	<u>477,810</u>	<u>-</u>
Total net assets-ending	<u>\$ 478,490</u>	<u>\$ 478,490</u>	<u>\$ 498,065</u>	<u>\$ (20,695)</u>	<u>\$ 477,370</u>	<u>\$ (1,120)</u>

**CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON STATEMENT
STORM WATER UTILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(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	\$ 2,871	\$ 2,871	\$ 3,090	\$ (29)	\$ 3,061	\$ 190
Storm water fee- residential	3,713	3,713	3,830	(42)	3,788	75
Total Operating Revenues	<u>6,584</u>	<u>6,584</u>	<u>6,920</u>	<u>(71)</u>	<u>6,849</u>	<u>265</u>
EXPENDITURES						
Salaries and wages	\$ 1,265	\$ 1,265	\$ 1,139	\$ (169)	\$ 970	\$ 295
Employees' retirement	181	181	149	-	149	32
Supplies	59	59	30	3	33	26
Maintenance and repairs	154	154	113	11	124	30
Utilities	9	9	1	-	1	8
Depreciation	-	-	1,624	(1,624)	-	-
Miscellaneous services	1,657	1,657	622	1,357	1,979	(322)
Total Operating Expenses	<u>3,325</u>	<u>3,325</u>	<u>3,678</u>	<u>(422)</u>	<u>3,256</u>	<u>69</u>
Operating Income	<u>3,259</u>	<u>3,259</u>	<u>3,242</u>	<u>351</u>	<u>3,593</u>	<u>334</u>
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	100	100	120	-	120	20
Net increase (decrease) in the fair value of investments	-	-	3	(3)	-	-
Interest expense and fiscal charges	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>100</u>	<u>100</u>	<u>123</u>	<u>(3)</u>	<u>120</u>	<u>20</u>
Income before operating transfers and contributions	<u>3,359</u>	<u>3,359</u>	<u>3,365</u>	<u>348</u>	<u>3,713</u>	<u>354</u>
Contributions in aid of construction	-	-	-	-	-	-
Capital contribution revenue	-	-	54,556	(54,556)	-	-
Transfers in	-	-	4,172	(4,172)	-	-
Transfers out	(3,226)	(3,226)	(610)	(2,452)	(3,062)	164
Change in net assets	133	133	61,483	(60,832)	651	518
Total net assets-beginning	-	-	-	-	-	-
Total net assets-ending	<u>\$ 133</u>	<u>\$ 133</u>	<u>\$ 61,483</u>	<u>\$ (60,832)</u>	<u>\$ 651</u>	<u>\$ 518</u>

INTERNAL SERVICE FUNDS

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

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

ARLINGTON PROPERTY FINANCE AUTHORITY, INC. FUND (the "APFA") - The APFA is a Texas nonprofit corporation that was created for the purpose of acting on the City's behalf in financing various governmental programs as prescribed by City Council ordinance or resolution. 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 general and automotive liability.

TECHNOLOGY SERVICES FUND - The City's technology services/telephone services program provides City employees with telephone installation, maintenance and data cable capabilities, and telephone training. The purpose of this fund is to account for the activity of such program.

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 ASSETS
 INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>General Services</u>	<u>Fleet Services</u>	<u>Arlington Property Finance Authority</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 385	\$ 2,739	\$ 3,138
Investments	-	-	3,099
Receivables (net of allowances for uncollectibles)			
Trade accounts	-	147	-
Accrued interest	-	-	24
Inventory of supplies, at cost	74	9	-
Prepaid expenses	-	-	-
Total Current Assets	<u>459</u>	<u>2,895</u>	<u>6,261</u>
Noncurrent Assets:			
Capital Assets:			
Buildings and improvements	-	467	-
Machinery and equipment	1,253	36,850	-
Less accumulated depreciation	(895)	(24,915)	-
Total Capital Assets (Net of Accumulated Depreciation)	<u>358</u>	<u>12,402</u>	<u>-</u>
Total Assets	<u>817</u>	<u>15,297</u>	<u>6,261</u>
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	64	140	13
Estimated claims payable	-	-	1,937
Accrued compensated absences	5	-	-
Capital lease obligation	207	-	-
Total Current Liabilities	<u>276</u>	<u>140</u>	<u>1,950</u>
Noncurrent Liabilities:			
Estimated claims payable	-	-	811
Accrued compensated absences	89	-	-
Capital lease obligation	192	-	-
Total Noncurrent Liabilities	<u>281</u>	<u>-</u>	<u>811</u>
Total Liabilities	<u>557</u>	<u>140</u>	<u>2,761</u>
NET ASSETS			
Invested in capital assets, net of related debt	(41)	12,402	-
Unrestricted	301	2,755	3,500
Total Net Assets	<u>\$ 260</u>	<u>\$ 15,157</u>	<u>\$ 3,500</u>

<u>Technology Services</u>	<u>Workers' Compensation</u>	<u>Group Health</u>	<u>Total</u>
\$ 2,012	\$ 7,780	\$ 6,906	\$ 22,960
-	-	-	3,099
-	-	-	147
-	-	-	24
-	-	-	83
-	154	-	154
<u>2,012</u>	<u>7,934</u>	<u>6,906</u>	<u>26,467</u>
-	-	-	467
1,379	-	-	39,482
<u>(817)</u>	<u>-</u>	<u>-</u>	<u>(26,627)</u>
562	-	-	13,322
<u>2,574</u>	<u>7,934</u>	<u>6,906</u>	<u>39,789</u>
106	154	13	490
-	1,854	1,694	5,485
10	-	-	15
28	-	-	235
<u>144</u>	<u>2,008</u>	<u>1,707</u>	<u>6,225</u>
-	3,452	-	4,263
154	-	-	243
-	-	-	192
<u>154</u>	<u>3,452</u>	<u>-</u>	<u>4,698</u>
<u>298</u>	<u>5,460</u>	<u>1,707</u>	<u>10,923</u>
534	-	-	12,895
1,742	2,474	5,199	15,971
<u>\$ 2,276</u>	<u>\$ 2,474</u>	<u>\$ 5,199</u>	<u>\$ 28,866</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
OPERATING REVENUES:			
Service charges	\$ 2,179	\$ 7,416	\$ 10
Sundry	-	41	-
Total Operating Revenues	<u>2,179</u>	<u>7,457</u>	<u>10</u>
OPERATING EXPENSES:			
Salaries and wages	537	20	-
Employees' retirement	84	3	-
Supplies	1,122	1,796	-
Maintenance and repairs	138	195	-
Utilities	9	44	-
Claims (net of adjustments)	-	-	669
Legal and professional	-	-	431
Depreciation	182	3,604	-
Miscellaneous services	229	2,177	76
Total Operating Expenses	<u>2,301</u>	<u>7,839</u>	<u>1,176</u>
OPERATING INCOME (LOSS)	<u>(122)</u>	<u>(382)</u>	<u>(1,166)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	-	-	44
Net increase in the fair value of investments	-	-	17
Gain on sale of assets	-	242	-
Interest expense and fiscal charges	(44)	-	-
Total Non-operating Revenues (Expenses)	<u>(44)</u>	<u>242</u>	<u>61</u>
Income (Loss) Before Transfers	(166)	(140)	(1,105)
Transfers In	-	3,063	950
Transfers Out	-	(1,300)	-
Change In Net Assets	<u>(166)</u>	<u>1,623</u>	<u>(155)</u>
Total Net Assets, October 1	426	13,534	3,655
Total Net Assets, September 30	<u>\$ 260</u>	<u>\$ 15,157</u>	<u>\$ 3,500</u>

Technology Services	Workers' Compensation	Group Health	Total
\$ 5,655	\$ 2,302	\$ 14,383	\$ 31,945
75	-	-	116
<u>5,730</u>	<u>2,302</u>	<u>14,383</u>	<u>32,061</u>
1,449	-	-	2,006
226	-	-	313
51	1	-	2,970
2,149	-	-	2,482
516	-	-	569
-	2,709	15,557	18,935
-	326	776	1,533
239	-	-	4,025
1,015	1	-	3,498
<u>5,645</u>	<u>3,037</u>	<u>16,333</u>	<u>36,331</u>
<u>85</u>	<u>(735)</u>	<u>(1,950)</u>	<u>(4,270)</u>
-	184	165	393
-	40	30	87
-	-	-	242
<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(47)</u>
<u>(3)</u>	<u>224</u>	<u>195</u>	<u>675</u>
82	(511)	(1,755)	(3,595)
-	-	-	4,013
-	(2,000)	-	(3,300)
<u>82</u>	<u>(2,511)</u>	<u>(1,755)</u>	<u>(2,882)</u>
2,194	4,985	6,954	31,748
<u>\$ 2,276</u>	<u>\$ 2,474</u>	<u>\$ 5,199</u>	<u>\$ 28,866</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,179	\$ 7,457	\$ 61
Cash payments to suppliers	(1,589)	(4,354)	(648)
Cash payments to employees	(619)	(24)	-
Net Cash Provided By (Used For) Operating Activities	<u>(29)</u>	<u>3,079</u>	<u>(587)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	3,063	950
Transfers out	-	(1,300)	-
Net Cash Provided By (Used For) Noncapital Financing Activities	<u>-</u>	<u>1,763</u>	<u>950</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(4,251)	-
Principal payments on capital lease	(206)	-	-
Interest payments on capital lease	(44)	-	-
Proceeds from sales of capital assets	-	273	-
Net Cash Used For Capital and Related Financing Activities	<u>(250)</u>	<u>(3,978)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from interest earnings	-	-	44
Net increase (decrease) in the fair value of investments	-	-	17
Purchase of investments	-	-	(3,152)
Maturities/sales of investments	-	-	53
Net Cash Provided By (Used For) Investing Activities	<u>-</u>	<u>-</u>	<u>(3,038)</u>
Net increase (decrease) in cash and cash equivalents	(279)	864	(2,675)
Cash and cash equivalents at October 1	664	1,875	5,813
Cash and cash equivalents at September 30	<u>\$ 385</u>	<u>\$ 2,739</u>	<u>\$ 3,138</u>
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating Income (Loss)	<u>\$ (122)</u>	<u>\$ (382)</u>	<u>\$ (1,166)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	182	3,604	-
(Increase) decrease in-			
Receivables	-	-	51
Inventory of supplies	(27)	34	-
Prepaid expenses	-	-	-
Increase (decrease) in-			
Accounts payable and accrued liabilities	(62)	(176)	3
Estimated claims payable	-	-	525
Accrued compensated absences	-	(1)	-
Total adjustments	<u>93</u>	<u>3,461</u>	<u>579</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (29)</u>	<u>\$ 3,079</u>	<u>\$ (587)</u>
Noncash investing, capital, and financing activities:			
Capital Leases	<u>16</u>		

<u>Technology Services</u>	<u>Workers' Compensation</u>	<u>Group Health</u>	<u>Totals</u>
\$ 5,730	\$ 2,302	\$ 14,383	\$ 32,112
(3,692)	(2,211)	(16,231)	(28,725)
(1,658)	-	-	(2,301)
<u>380</u>	<u>91</u>	<u>(1,848)</u>	<u>1,086</u>
-	-	-	4,013
-	(2,000)	-	(3,300)
-	(2,000)	-	<u>713</u>
(310)	-	-	(4,561)
(109)	-	-	(315)
(3)	-	-	(47)
-	-	-	273
<u>(422)</u>	<u>-</u>	<u>-</u>	<u>(4,650)</u>
-	184	165	393
-	40	30	87
-	-	-	(3,152)
-	-	-	53
-	<u>224</u>	<u>195</u>	<u>(2,619)</u>
(42)	(1,685)	(1,653)	(5,470)
2,054	9,465	8,559	28,430
<u>\$ 2,012</u>	<u>\$ 7,780</u>	<u>\$ 6,906</u>	<u>\$ 22,960</u>
<u>\$ 85</u>	<u>\$ (735)</u>	<u>\$ (1,950)</u>	<u>\$ (4,270)</u>
239	-	-	4,025
-	-	-	51
-	-	-	7
-	(154)	-	(154)
38	153	8	(36)
-	827	94	1,446
18	-	-	17
<u>295</u>	<u>826</u>	<u>102</u>	<u>5,356</u>
<u>\$ 380</u>	<u>\$ 91</u>	<u>\$ (1,848)</u>	<u>\$ 1,086</u>
			<u>16</u>

FIDUCIARY FUNDS

PENSION TRUST FUNDS:

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

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

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

AGENCY FUNDS:

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

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

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

**CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF PENSION TRUST FUNDS NET ASSETS
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 1	\$ -	\$ 1
Investments:				
Money market fund	66	24,893	15	24,974
Corporate bonds	671	-	242	913
Fixed income mutual funds	676	9,357	240	10,273
Common stock mutual funds	466	43,409	164	44,039
Balanced mutual funds	-	11,674	-	11,674
Participant borrowing	-	4,801	-	4,801
Self-directed brokerage accounts	-	2,954	-	2,954
Total investments	<u>1,879</u>	<u>97,088</u>	<u>661</u>	<u>99,628</u>
Total Assets	<u>\$ 1,879</u>	<u>\$ 97,089</u>	<u>\$ 661</u>	<u>\$ 99,629</u>
LIABILITIES				
Accounts payable and accrued liabilities	-	-	-	-
IRC 401 deferred compensation plans	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Held in trust for employee benefits	<u>\$ 1,879</u>	<u>\$ 97,089</u>	<u>\$ 661</u>	<u>\$ 99,629</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES
 FIDUCIARY FUNDS
 SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>Payroll</u>	<u>Escrow Fund</u>	<u>Escheat Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,315	\$ 6,508	\$ 265	\$ 10,088
Investments:				
Money market fund	-	-	-	-
Corporate bonds	-	-	-	-
Fixed income mutual funds	-	-	-	-
Common stock mutual funds	267	-	-	267
Balanced mutual funds	-	-	-	-
Participant borrowing	-	-	-	-
Self-directed brokerage accounts	-	-	-	-
Total investments	<u>267</u>	<u>-</u>	<u>-</u>	<u>267</u>
Total Assets	<u>\$ 3,582</u>	<u>\$ 6,508</u>	<u>\$ 265</u>	<u>\$ 10,355</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,315	\$ 6,508	\$ 265	\$ 10,088
IRC 401 deferred compensation plans	267	-	-	267
Total Liabilities	<u>\$ 3,582</u>	<u>\$ 6,508</u>	<u>\$ 265</u>	<u>\$ 10,355</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds			Total
	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	
ADDITIONS				
Employer contributions	\$ 102	\$ 2,349	\$ 372	\$ 2,823
Employee contributions	95	5,626	-	5,721
Net appreciation in fair value of investments	166	4,160	66	4,392
Total Additions	<u>363</u>	<u>12,135</u>	<u>438</u>	<u>12,936</u>
DEDUCTIONS				
Benefits	49	6,149	258	6,456
Plan administration	30	12	10	52
Total Deductions	<u>79</u>	<u>6,161</u>	<u>268</u>	<u>6,508</u>
Increase in Net Assets	284	5,974	170	6,428
Net Assets, October 1	1,595	91,115	491	93,201
Net Assets, September 30	<u>\$ 1,879</u>	<u>\$ 97,089</u>	<u>\$ 661</u>	<u>\$ 99,629</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Balance October 1, 2008	Additions	Deductions	Balance September 30, 2009
PAYROLL FUND				
Assets				
Cash and cash equivalents	\$ 3,228	\$ 346,559	\$ 346,472	\$ 3,315
Investments	290	-	23	267
Total assets	<u>\$ 3,518</u>	<u>\$ 346,559</u>	<u>\$ 346,495</u>	<u>\$ 3,582</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 3,228	\$ 346,559	\$ 346,472	\$ 3,315
Accounts payable and accrued liabilities - IRC 401 defined contribution	290	-	23	267
Total liabilities	<u>\$ 3,518</u>	<u>\$ 346,559</u>	<u>\$ 346,495</u>	<u>\$ 3,582</u>
ESCROW FUND				
Assets				
Cash and cash equivalents	\$ 12,607	\$ 15,416	\$ 21,515	\$ 6,508
Total assets	<u>\$ 12,607</u>	<u>\$ 15,416</u>	<u>\$ 21,515</u>	<u>\$ 6,508</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 12,607	\$ 15,416	\$ 21,515	\$ 6,508
Total liabilities	<u>\$ 12,607</u>	<u>\$ 15,416</u>	<u>\$ 21,515</u>	<u>\$ 6,508</u>
ESCHEAT FUND				
Assets				
Cash and cash equivalents	\$ 232	\$ 52	\$ 19	\$ 265
Total assets	<u>\$ 232</u>	<u>\$ 52</u>	<u>\$ 19</u>	<u>\$ 265</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 232	\$ 52	\$ 19	\$ 265
Total liabilities	<u>\$ 232</u>	<u>\$ 52</u>	<u>\$ 19</u>	<u>\$ 265</u>
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 16,555	\$ 362,027	\$ 368,006	\$ 10,088
Investments	347	-	23	267
Total assets	<u>\$ 16,902</u>	<u>\$ 362,027</u>	<u>\$ 368,029</u>	<u>\$ 10,355</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 16,555	\$ 362,027	\$ 368,006	\$ 10,088
Accounts payable and accrued liabilities - IRC 401 defined contribution	347	-	23	267
Total Liabilities	<u>\$ 16,902</u>	<u>\$ 362,027</u>	<u>\$ 368,029</u>	<u>\$ 10,355</u>

DISCRETELY PRESENTED COMPONENT UNITS

ARLINGTON SPORTS FACILITIES DEVELOPMENT AUTHORITY, INC. - The purpose of the Arlington Sports Facilities Development Authority (ASFDA) is to promote economic development within the City.

ARLINGTON HOUSING AUTHORITY - The purpose of the Arlington Housing Authority (AHA) is to provide low income housing assistance within the City.

ARLINGTON CONVENTION AND VISITORS BUREAU, INC. - The purpose of the Arlington Convention and Visitors Bureau (ACVB) is to promote tourism within the City.

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 INDUSTRIAL DEVELOPMENT CORPORATION - The purpose of the Arlington Industrial Development Corporation (AIDC) is to promote industrial and commercial development within the City.

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
AS OF SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)

	Arlington Sports Facilities Development Authority, Inc.	Arlington Housing Authority	Arlington Convention and Visitors Bureau, Inc.	Arlington Tomorrow Foundation
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 511	\$ 2,693	\$ 377	\$ 12,107
Investments	-	2,851	-	43,491
Receivables (net of allowances for uncollectibles):				
Grants	-	83	-	-
Lease	17,221	-	-	-
Accrued interest	-	13	-	623
Settlement agreement	10,507	-	-	-
Other	-	38	10	2
Prepaid expenses	-	-	8	-
Total Current Assets	<u>28,239</u>	<u>5,678</u>	<u>395</u>	<u>56,223</u>
Non-Current Assets:				
Capital Assets-				
Buildings and improvements	2,739	-	-	-
Machinery and equipment	-	825	691	-
Accumulated depreciation	(1,698)	(356)	(492)	-
Total Non-Current Assets	<u>1,041</u>	<u>469</u>	<u>199</u>	<u>-</u>
Total Assets	<u>29,280</u>	<u>6,147</u>	<u>594</u>	<u>56,223</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	-	836	227	10
Deferred revenue	-	-	45	3,662
Sales tax payable	74	-	-	-
Total Current Liabilities	<u>74</u>	<u>836</u>	<u>272</u>	<u>3,672</u>
Non-Current Liabilities:				
Sales tax payable - due in more than one year	166	-	-	-
Total Non-Current Liabilities	<u>166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>240</u>	<u>836</u>	<u>272</u>	<u>3,672</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,041	469	199	-
Restricted for debt service	-	-	-	-
Restricted for endowments	-	-	-	52,551
Unrestricted	27,999	4,842	123	-
Total Net Assets	<u>\$ 29,040</u>	<u>\$ 5,311</u>	<u>\$ 322</u>	<u>\$ 52,551</u>

<u>Arlington Housing Finance Corporation</u>	<u>Arlington Industrial Development Corporation</u>	<u>Total</u>
\$ 403	\$ 3	\$ 16,094
-	-	46,342
-	-	83
-	-	17,221
-	-	636
-	-	10,507
-	-	50
-	-	8
<u>403</u>	<u>3</u>	<u>90,941</u>
-	-	2,739
-	-	1,516
-	-	(2,546)
-	-	1,709
<u>403</u>	<u>3</u>	<u>92,650</u>
-	-	1,073
-	-	3,707
-	-	74
-	-	4,854
-	-	166
-	-	166
-	-	5,020
-	-	1,709
-	-	-
-	-	52,551
<u>403</u>	<u>3</u>	<u>33,370</u>
<u>\$ 403</u>	<u>\$ 3</u>	<u>\$ 87,630</u>

**CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)**

Functions/Programs	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Component Units:				
Arlington Sports Facilities Development Authority, Inc	\$ 3,221	\$ 1,510	\$ -	\$ -
Arlington Housing Authority	25,558	-	22,737	-
Arlington Convention & Visitors Bureau, Inc.	4,152	3,858	-	-
Arlington Tomorrow Foundation	1,101	15,102	-	-
Arlington Housing Finance Corporation	50	-	67	-
Total Component Units	<u>\$ 34,082</u>	<u>\$ 20,470</u>	<u>\$ 22,804</u>	<u>\$ -</u>

General revenues:
 Interest revenue
 Other
 Net increase
 (decrease) in the fair
 value of investments
 Total general revenues and transfers
 Change in net assets
 Net assets, October 1
 Net assets, September 30

**Net (Expenses) Revenue and
Changes in Net Assets
Component Units**

Arlington Sports Facilities Development Authority, Inc.	Arlington Housing Authority	Arlington Convention & Visitors Bureau	Arlington Tomorrow Foundation	Arlington Housing Finance Corporation	Arlington Industrial Development Corporation	Total
\$ (1,711)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,711)
-	(2,821)	-	-	-	-	(2,821)
-	-	(294)	-	-	-	(294)
-	-	-	14,001	-	-	14,001
-	-	-	-	17	-	17
<u>\$ (1,711)</u>	<u>\$ (2,821)</u>	<u>\$ (294)</u>	<u>\$ 14,001</u>	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 9,192</u>
\$ 1,478	\$ 149	\$ 2	\$ 1,462	\$ 8	\$ -	\$ 3,099
528	875	-	-	-	-	1,403
(45)	-	-	323	3	-	281
<u>1,961</u>	<u>1,024</u>	<u>2</u>	<u>1,785</u>	<u>11</u>	<u>-</u>	<u>4,783</u>
250	(1,797)	(292)	15,786	28	-	13,975
<u>28,790</u>	<u>7,108</u>	<u>614</u>	<u>36,765</u>	<u>375</u>	<u>3</u>	<u>73,655</u>
<u>\$ 29,040</u>	<u>\$ 5,311</u>	<u>\$ 322</u>	<u>\$ 52,551</u>	<u>\$ 403</u>	<u>\$ 3</u>	<u>\$ 87,630</u>

CITY OF ARLINGTON, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 COMPONENT UNITS
 FOR THE YEAR ENDED SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Arlington Sports Facilities Development Authority	Arlington Tomorrow Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,448	\$ -
Cash received from gas leases	-	8,110
Cash payments to suppliers	-	(73)
Cash payments to employees	-	(145)
Cash payments to grantees	-	(888)
Cash payments for housing assistance	-	-
Net Cash Provided By Operating Activities	<u>2,448</u>	<u>7,004</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	44	-
Transfers out	(3,156)	-
Net Cash Used For Noncapital Financing Activities	<u>(3,112)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contribution	529	-
Principal payments on debt	(17,253)	-
Net Cash Used For Capital and Related Financing Activities	<u>(16,724)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest earnings	1,478	839
Net increase (decrease) in the fair value of investments	(45)	2
Purchase of investments	-	(43,170)
Maturities/sales of investments	14,230	-
Net Cash Provided By (Used for) Investing Activities	<u>15,663</u>	<u>(42,329)</u>
Net increase (decrease) in cash and cash equivalents	(1,725)	(35,325)
Cash and cash equivalents at October 1	2,236	47,432
Cash and cash equivalents at September 30	<u>\$ 511</u>	<u>\$ 12,107</u>
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating Income	<u>\$ 1,400</u>	<u>\$ 14,001</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	110	-
Decrease in- Receivables	938	32
Increase (decrease) in- Accounts payable and accrued liabilities	-	(11)
Accrued compensated absences	-	6
Deferred revenue	-	(7,024)
Total adjustments	<u>1,048</u>	<u>(6,997)</u>
Net Cash Provided By Operating Activities	<u>\$ 2,448</u>	<u>\$ 7,004</u>

Arlington Housing Finance Corporation	Arlington Industrial Development Corporation	Totals
\$ 67	\$ -	\$ 2,515
-	-	8,110
(50)	-	(123)
-	-	(145)
-	-	(888)
-	-	-
<u>17</u>	<u>-</u>	<u>9,469</u>
-	-	44
-	-	(3,156)
-	-	(3,112)
-	-	529
-	-	(17,253)
-	-	(16,724)
8	-	2,325
3	-	(40)
-	-	(43,170)
-	-	14,230
<u>11</u>	<u>-</u>	<u>(26,655)</u>
28	-	(37,022)
375	3	50,046
<u>\$ 403</u>	<u>\$ 3</u>	<u>\$ 13,024</u>
<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 15,418</u>
-	-	110
-	-	970
-	-	(11)
-	-	6
-	-	(7,024)
-	-	(5,949)
<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 9,469</u>

CITY OF ARLINGTON, TEXAS
 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES
 AS OF SEPTEMBER 30, 2009
 (AMOUNTS EXPRESSED IN THOUSANDS)

GOVERNMENTAL FUNDS CAPITAL ASSETS:

Land	\$ 204,698
Buildings	1,090,953
Improvements other than buildings	104,012
Machinery and equipment	33,986
Construction-in-progress	128,913
Infrastructure	<u>738,414</u>
Total Governmental Funds Capital Assets	<u><u>\$ 2,300,976</u></u>

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:

General fund	\$ 1,433,649
Capital Project Fund	<u>867,327</u>
Total Governmental Funds Capital Assets	<u><u>\$ 2,300,976</u></u>

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

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

**CITY OF ARLINGTON, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)**

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>
ADMINISTRATIVE:					
Technology services	\$ 9,008	\$ -	\$ -	\$ -	\$ 9,008
Tax	6	-	-	-	6
City administration	1,177,554	127,710	1,027,779	17,605	4,460
Convention center	378	-	-	-	378
Total Administration	<u>1,186,946</u>	<u>127,710</u>	<u>1,027,779</u>	<u>17,605</u>	<u>13,852</u>
OPERATIONS:					
Fire	9,736	-	4,916	-	4,820
Municipal court	1,409	-	-	-	1,409
Police	31,775	654	21,490	-	9,631
Parks and recreation	165,267	63,767	20,779	78,982	1,739
Communication services	88	-	-	-	88
Airport	28,418	5,655	15,700	7,063	-
Total Operations	<u>236,693</u>	<u>70,076</u>	<u>62,885</u>	<u>86,045</u>	<u>17,687</u>
DEVELOPMENT:					
Community development	1,373	-	289	6	1,078
Engineering services	137	-	-	-	137
Transportation	8,500	6,912	-	356	1,232
Total Development	<u>10,010</u>	<u>6,912</u>	<u>289</u>	<u>362</u>	<u>2,447</u>
Total Capital Assets					
Allocated to Functions	<u>1,433,649</u>	<u>\$ 204,698</u>	<u>\$ 1,090,953</u>	<u>\$ 104,012</u>	<u>\$ 33,986</u>
INFRASTRUCTURE	<u>738,414</u>				
CONSTRUCTION IN PROGRESS	<u>128,913</u>				
Total Governmental Funds Capital Assets	<u>\$ 2,300,976</u>				

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF ARLINGTON, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2009
(AMOUNTS EXPRESSED IN THOUSANDS)**

<u>Function and Activity</u>	<u>Governmental Funds</u>			<u>Governmental Funds</u>
	<u>Capital Assets</u> <u>October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets</u> <u>September 30, 2009</u>
ADMINISTRATIVE:				
Technology services	\$ 9,008	\$ -	\$ -	\$ 9,008
Tax	6	-	-	6
City administration	98,905	1,079,038	(389)	1,177,554
Convention center	378	-	-	378
Total Administration	<u>108,297</u>	<u>1,079,038</u>	<u>(389)</u>	<u>1,186,946</u>
OPERATIONS:				
Fire	8,870	889	(23)	9,736
Municipal court	1,409	-	-	1,409
Police	18,405	13,395	(25)	31,775
Parks and recreation	158,642	6,625	-	165,267
Communication services	88	-	-	88
Airport	28,418	-	-	28,418
Total Operations	<u>215,832</u>	<u>20,909</u>	<u>(48)</u>	<u>236,693</u>
DEVELOPMENT:				
Community development	1,373	-	-	1,373
Engineering services	137	-	-	137
Transportation	1,951	6,739	(190)	8,500
Total Development	<u>3,461</u>	<u>6,739</u>	<u>(190)</u>	<u>10,010</u>
INFRASTRUCTURE	<u>792,661</u>	<u>21,538</u>	<u>(75,785)</u>	<u>738,414</u>
CONSTRUCTION IN PROGRESS	<u>784,129</u>	<u>477,148</u>	<u>(1,132,364)</u>	<u>128,913</u>
Total Governmental Funds Capital Assets	<u>\$ 1,904,380</u>	<u>\$ 1,605,372</u>	<u>\$ (1,208,776)</u>	<u>\$ 2,300,976</u>

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

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

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 ASSETS BY COMPONENT
Last Eight Fiscal Years
(accrual basis of accounting)
(Unaudited) (In Thousands)

Table 1

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 357,316	\$ 321,615	\$ 317,946	\$ 408,969	\$ 510,287	\$ 646,693	\$ 778,516	\$ 1,134,428
Restricted (Debt Svcs/Impact Fee/Endowments)	2,259	419	2,993	25,738	25,794	39,767	55,581	54,486
Unrestricted	28,636	78,838	98,332	49,571	67,341	89,238	65,896	49,301
Total governmental activities net assets	\$ 388,211	\$ 400,872	\$ 419,271	\$ 484,278	\$ 603,422	\$ 775,698	\$ 899,993	\$ 1,238,215
Business-type activities								
Invested in capital assets, net of related debt	\$ 307,741	\$ 325,159	\$ 350,885	\$ 380,515	\$ 409,452	\$ 428,961	\$ 453,210	\$ 525,131
Restricted	-	9,638	9,460	10,041	9,273	9,097	9,753	10,310
Unrestricted	67,329	58,105	58,862	20,061	21,519	17,049	14,846	23,764
Total business-type activities net assets	\$ 375,070	\$ 392,902	\$ 419,207	\$ 410,617	\$ 440,244	\$ 455,107	\$ 477,809	\$ 559,205
Primary government								
Invested in capital assets, net of related debt	\$ 665,057	\$ 646,774	\$ 668,831	\$ 789,484	\$ 919,739	\$ 1,075,654	\$ 1,231,726	\$ 1,659,559
Restricted (Debt Svcs/Impact Fee)	2,259	10,057	12,453	35,779	35,067	48,864	65,334	64,796
Unrestricted	95,965	136,943	157,194	69,632	88,860	106,287	80,742	73,065
Total primary government net assets	\$ 763,281	\$ 793,774	\$ 838,478	\$ 894,895	\$ 1,043,666	\$ 1,230,805	\$ 1,377,802	\$ 1,797,420

Source: City of Arlington Financial and Management Resources

Note: The accrual-basis of financial reporting for the City of Arlington is only available back to 2002, which is the year GASB Statement 34 was implemented.

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

Table 2

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities								
General government	\$ 34,330	\$ 28,511	\$ 30,646	\$ 26,906	\$ 31,812	\$ 34,120	\$ 43,788	\$ 40,403
Public safety	90,417	89,554	93,852	97,645	102,363	113,343	123,587	128,219
Public works	55,327	57,768	55,350	64,369	66,019	73,161	84,115	94,171
Public health	2,100	1,424	1,321	2,416	1,697	1,735	1,920	2,406
Parks and recreational	20,669	21,327	20,633	23,262	27,761	26,826	28,027	28,228
Public welfare	5,288	7,282	5,410	6,383	9,408	11,136	39,282	10,213
Convention and event services	5,426	5,478	5,347	5,435	5,094	5,628	6,533	6,299
Interest on long term debt	15,674	15,102	14,548	13,898	24,923	24,581	26,624	42,485
Total governmental activities expenses	\$ 229,231	\$ 226,446	\$ 227,107	\$ 240,314	\$ 269,077	\$ 290,530	\$ 353,876	\$ 352,424
Business-type activities								
Water and sewer	68,106	68,282	67,232	65,220	74,516	72,945	71,929	77,130
Landfill	7,743	1,731	2,207	4,310	-	-	-	3,678
Total business-type activities expenses	\$ 75,849	\$ 70,013	\$ 69,439	\$ 69,530	\$ 74,516	\$ 72,945	\$ 71,929	\$ 80,808
Total primary government expenses	\$ 305,080	\$ 296,459	\$ 296,546	\$ 309,844	\$ 343,593	\$ 363,475	\$ 425,805	\$ 433,232
Program Revenues								
Governmental activities								
Charges for services								
General government	\$ 9,121	\$ 11,911	\$ 7,775	\$ 15,449	\$ 21,668	\$ 17,264	\$ 10,528	\$ 19,017
Public safety	7,966	8,068	9,145	6,851	8,206	8,052	13,998	16,440
Public works	8,341	4,395	6,059	3,001	3,025	3,052	5,898	1,116
Public health	227	65	1,093	65	71	78	2,692	2,707
Parks and recreational	8,190	6,636	7,161	8,243	8,558	8,456	9,529	9,835
Public welfare	-	-	14	-	-	-	-	179
Convention and event services	5,635	2,347	2,422	2,496	2,656	2,418	2,587	2,535
Operating grants and contributions	9,430	8,728	7,758	8,144	13,846	14,102	20,787	24,578
Capital grants and contributions	12,509	8,525	5,730	4,849	77,683	121,720	145,029	411,788
Total governmental activities program revenues	\$ 61,419	\$ 50,675	\$ 47,157	\$ 49,098	\$ 135,713	\$ 175,142	\$ 211,048	\$ 488,195
Business-type activities								
Charges for services								
Water and sewer	\$ 80,747	\$ 81,890	\$ 88,474	\$ 92,144	\$ 102,745	\$ 88,786	\$ 102,324	\$ 108,224
Storm water utility	-	-	-	-	-	-	-	6,920
Landfill	7,897	7,728	6,733	4,484	-	-	-	-
Capital grants and contributions	6,636	6,064	6,656	3,676	5,529	3,600	2,622	2,018
Other	-	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 95,280	\$ 95,682	\$ 101,863	\$ 100,304	\$ 108,274	\$ 92,386	\$ 104,946	\$ 117,162
Total primary government program revenues	\$ 156,699	\$ 146,357	\$ 149,020	\$ 149,402	\$ 243,987	\$ 267,528	\$ 315,994	\$ 605,357

(continued)

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

Table 2

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Net (Expense) Revenue								
Governmental activities	\$ (167,812)	\$ (175,771)	\$ (179,950)	\$ (191,216)	\$ (133,364)	\$ (115,388)	\$ (142,828)	\$ 135,771
Business-type activities	19,431	25,669	32,424	30,774	33,758	19,441	33,017	36,354
Total Primary government net expense	\$ (148,381)	\$ (150,102)	\$ (147,526)	\$ (160,442)	\$ (99,606)	\$ (95,947)	\$ (109,811)	\$ 172,125
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 134,489	\$ 145,689	\$ 157,143	\$ 101,235	\$ 104,425	\$ 108,301	\$ 112,477	\$ 117,285
Sales taxes	-	-	-	60,476	76,483	79,781	81,385	80,193
Other taxes	-	-	-	7,286	8,319	9,249	10,447	10,978
Gas Lease	-	-	-	-	5,020	25,471	2,091	-
Franchise fees	20,667	29,181	29,321	28,928	31,140	29,145	25,994	25,038
Investment earnings	3,888	2,040	1,957	5,642	19,513	21,849	12,814	5,629
Net increase (decrease) in fair value	(380)	(10)	(356)	(1,244)	(293)	2,109	182	1,837
Other	3,585	2,278	3,045	4,900	1,489	5,239	9,271	4,769
Special Item	-	-	-	4,330	-	-	-	-
Transfers	4,705	9,254	7,238	40,563	6,432	6,520	12,462	(43,278)
Total governmental activities	\$ 175,954	\$ 188,432	\$ 198,349	\$ 252,116	\$ 252,508	\$ 287,064	\$ 267,123	\$ 202,451
Business-type activities:								
Investment earnings	\$ 2,394	\$ 1,456	\$ 1,287	\$ 1,255	\$ 2,175	\$ 1,685	\$ 2,196	\$ 1,581
Gain on sale/retirement of capital assets	(251)	(39)	(223)	(77)	126	257	(49)	183
Miscellaneous	-	-	55	21	-	-	-	54,556
Transfers	(4,705)	(9,254)	(7,238)	(40,563)	(6,432)	(6,520)	(12,462)	(11,278)
Total Business-type activities	\$ (2,562)	\$ (7,837)	\$ (6,119)	\$ (39,364)	\$ (4,131)	\$ (4,578)	\$ (10,315)	\$ 45,042
Total primary government	\$ 173,392	\$ 180,595	\$ 192,230	\$ 212,752	\$ 248,377	\$ 283,086	\$ 256,808	\$ 247,493
Change in Net Assets								
Governmental activities	\$ 8,142	\$ 12,661	\$ 18,399	\$ 60,900	\$ 119,144	\$ 172,276	\$ 124,295	\$ 338,222
Business-type activities	16,869	17,832	26,305	(8,590)	29,627	14,863	22,702	81,396
Total primary government	\$ 25,011	\$ 30,493	\$ 44,704	\$ 52,310	\$ 148,771	\$ 187,139	\$ 146,997	\$ 419,618

(concluded)

Source: City of Arlington Financial and Management Resources

Note: The accrual-basis of financial reporting for the City of Arlington is only available back to 2002, which is the year GASB Statement 34 was implemented.

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

	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund					
Reserved for other					
Encumbrances	\$ 1,129	\$ 1,379	\$ 1,526	\$ 656	\$ 1,786
Inventory	489	336	279	112	113
Prepays	39	24	48	67	46
Street maintenance	350	-	-	-	-
Capital outlay	-	-	-	-	-
Utility rate case	500	500	500	500	500
Special transportation	-	-	-	-	-
Working capital	11,335	11,389	-	-	-
Net increase in fair value investment	-	-	-	-	-
Unreserved					
Telecommunications	195	357	754	102	329
Working capital	-	-	12,195	12,981	13,585
Subsequent years' expenditure	2,633	2,633	3,429	4,821	5,018
Arbitrage	-	-	824	320	38
Compensated absences	-	-	1,152	1,247	1,411
Other post employment benefits	-	-	-	-	1,718
Landfill lease proceeds	-	-	-	-	-
Infrastructure	-	-	-	-	-
Dispatch	-	-	-	-	-
Gas lease proceeds	-	-	-	-	-
Designated for group health					
Undesignated	1,551	3,041	-	-	773
Total general fund	<u>\$ 18,221</u>	<u>\$ 19,659</u>	<u>\$ 20,707</u>	<u>\$ 20,806</u>	<u>\$ 25,317</u>
All Other Governmental Funds					
Reserved for other					
Encumbrances	\$ 21,347	\$ 31,219	\$ 22,115	\$ 17,241	\$ 7,514
Debt services	1,675	1,740	2,259	2,538	2,993
Inventory	-	-	-	-	-
Prepays	-	-	3	3	36,476
Capital maintenance	210	253	468	253	-
Capital projects	37,995	36,854	40,587	50,867	26,727
Street maintenance	-	1,356	379	394	482
Capital outlay	-	624	229	442	-
Court technology	-	-	-	-	292
Court security	-	-	-	-	-
Juvenile case manager	-	-	-	-	-
Net increase in fair value investment	-	-	-	-	-
Unreserved					
Special revenue funds					
Working capital-other nonmajor fund	-	-	-	5,597	3,998
Hotel Feasibility	-	-	-	-	-
Central Plaza	-	-	-	-	-
Capital maintenance	-	-	-	-	54,474
Neighborhood grants	-	-	-	-	-
Innovation/venture	-	-	-	-	-
Reimbursement	-	-	-	-	-
Undesignated	1,713	1,148	2,487	-	161
Total all other governmental funds	<u>\$ 62,940</u>	<u>\$ 73,194</u>	<u>\$ 68,527</u>	<u>\$ 77,335</u>	<u>\$ 133,117</u>

Source: City of Arlington Financial and Management Resources

Table 3

Fiscal Year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 3,230	\$ 4,463	\$ 6,351	\$ 6,074	\$ 3,780
254	240	574	600	583
46	5	35	2	252
-	-	-	-	-
-	-	-	-	-
500	500	500	500	500
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
274	-	-	-	-
14,373	15,964	16,232	16,512	16,219
5,174	5,747	5,843	5,944	5,839
12	33	184	288	193
1,125	1,280	1,261	1,556	1,464
1,718	1,718	1,718	1,718	1,718
19,887	20,573	21,030	21,487	21,487
-	-	1,000	1,000	-
-	-	-	-	137
-	5,020	-	-	-
				2,446
5,464	10,571	5,618	508	3,663
<u>\$ 52,057</u>	<u>\$ 66,114</u>	<u>\$ 60,346</u>	<u>\$ 56,189</u>	<u>\$ 58,281</u>
\$ 21,577	\$ 36,592	\$ 25,665	\$ 48,911	\$ 33,953
20,216	20,639	34,173	50,274	48,685
-	-	197	217	206
185	179	1	-	-
-	-	-	-	-
318,632	280,316	156,064	53,952	22,255
1,709	3,899	3,568	6,382	5,763
-	-	-	-	-
162	29	188	83	162
224	111	-	-	228
-	40	83	150	-
-	-	-	-	-
2,045	2,045	2,045	2,045	2,045
-	-	-	400	200
-	-	150	-	-
161	18	311	461	611
-	-	-	455	389
-	-	-	2,182	1,728
-	-	-	1,425	1,833
3,348	1,639	33,844	9,200	2,926
<u>\$ 368,259</u>	<u>\$ 345,507</u>	<u>\$ 256,289</u>	<u>\$ 176,137</u>	<u>\$ 120,984</u>

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

	Fiscal Year		
	2000	2001	2002
REVENUES:			
Taxes:	\$ 124,026	\$ 131,167	\$ 134,429
Licenses and permits	3,173	3,498	3,837
Franchise fees	26,639	31,201	29,635
Fines and forfeitures	5,135	5,919	6,787
Leases, rents, and concessions	697	866	3,548
Service charges	19,169	24,925	24,479
Investment income	5,416	5,773	3,331
Net increase (decrease) in fair value of investment	-	-	-
Contributions	3,066	1,956	4,078
Intergovernmental	8,025	11,363	17,229
Gas lease	-	-	-
Miscellaneous	1,986	2,678	3,238
Total Revenues	<u>\$ 197,332</u>	<u>\$ 219,346</u>	<u>\$ 230,591</u>
EXPENDITURES:			
General government	23,991	26,370	28,393
Public safety	72,539	80,015	91,606
Public works	22,796	25,031	59,756
Public health	1,904	1,928	1,999
Public welfare	3,929	3,549	6,311
Parks and recreational	17,564	21,617	29,981
Convention and event services	-	-	5,426
Operating expenditures	5,393	5,374	-
Capital outlay	49,637	39,960	-
Debt Service:			
Principal retirement	25,720	26,730	27,860
Interest and fiscal charges	15,373	15,920	15,663
Bond issuance cost	-	-	-
Total expenditures	<u>\$ 238,846</u>	<u>\$ 246,494</u>	<u>\$ 266,995</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (41,514)</u>	<u>\$ (27,148)</u>	<u>\$ (36,404)</u>
OTHER FINANCING SOURCES (USES):			
Bonds issued*	32,865	35,535	24,920
Capital lease	-	-	-
Proceeds from sale of capital assets	-	-	-
Refunding bonds issued	-	36,540	-
Bond premium	-	-	-
Payment of escrow for refunding	-	(36,540)	-
Gain on sale of land	-	-	-
Bond discount	-	-	-
Transfers in	14,539	17,284	14,479
Transfers out	(11,234)	(13,979)	(9,231)
Total other financing sources (uses)	<u>\$ 36,170</u>	<u>\$ 38,840</u>	<u>\$ 30,168</u>
NET CHANGE IN FUND BALANCES	<u>\$ (5,344)</u>	<u>\$ 11,692</u>	<u>\$ (6,236)</u>
Debt service as a percentage of noncapital expenditures	21.7%	20.7%	16.3%

Source: City of Arlington Financial and Management Resources

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

Fiscal Year						
2003	2004	2005	2006	2007	2008	2009
\$ 145,239	\$ 156,958	\$ 169,345	\$ 189,671	\$ 197,877	\$ 205,531	\$ 208,756
3,833	4,160	4,476	5,074	4,399	4,650	5,881
29,163	29,371	28,928	31,140	29,145	25,994	25,038
7,475	7,318	6,259	7,675	7,528	10,515	12,949
2,908	3,026	5,207	13,307	7,081	7,363	9,687
19,424	19,424	20,175	20,041	20,196	22,476	18,573
1,931	1,550	4,020	18,559	20,665	11,591	5,453
-	-	-	(314)	2,041	201	1,750
2,358	2,653	1,664	77,683	121,720	145,029	411,788
14,895	10,426	9,216	13,309	15,586	20,619	22,244
-	-	-	-	-	2,091	4,430
2,135	2,596	4,292	2,894	29,487	4,915	3,431
<u>\$ 229,361</u>	<u>\$ 237,482</u>	<u>\$ 253,582</u>	<u>\$ 379,039</u>	<u>\$ 455,725</u>	<u>\$ 460,975</u>	<u>\$ 729,980</u>
28,433	30,148	31,094	30,839	30,792	35,911	36,150
90,934	95,499	99,656	103,772	112,704	119,585	124,424
27,874	27,535	36,971	36,127	37,516	45,968	41,774
1,239	1,252	1,435	1,684	1,695	1,826	2,287
3,585	5,546	6,543	9,483	11,166	39,253	10,142
18,565	21,865	21,755	21,261	23,625	24,452	24,340
5,471	5,312	5,435	5,094	5,628	6,533	6,299
-	-	-	-	-	-	-
38,362	24,169	57,271	144,473	278,858	337,661	476,149
27,420	28,270	28,030	26,160	26,415	24,825	30,180
15,186	14,637	14,632	25,428	25,019	27,054	48,672
133	-	-	-	-	-	-
<u>\$ 257,202</u>	<u>\$ 254,233</u>	<u>\$ 302,822</u>	<u>\$ 404,321</u>	<u>\$ 553,418</u>	<u>\$ 663,068</u>	<u>\$ 800,417</u>
<u>\$ (27,841)</u>	<u>\$ (16,751)</u>	<u>\$ (49,240)</u>	<u>\$ (25,282)</u>	<u>\$ (97,693)</u>	<u>\$ (202,093)</u>	<u>\$ (70,437)</u>
25,590	24,155	303,365	10,780	-	105,075	-
1,159	301	1,626	-	-	322	-
-	633	-	-	-	-	201
17,840	-	68,000	-	-	-	175,005
2,778	-	12,577	-	-	-	-
(18,835)	-	(72,240)	-	-	-	(164,265)
-	-	-	-	-	2,105	-
-	-	-	-	-	-	(4,130)
25,922	24,324	51,301	26,263	19,366	30,833	37,507
(17,692)	(14,676)	(15,317)	(20,456)	(16,659)	(20,551)	(26,942)
<u>\$ 36,762</u>	<u>\$ 34,737</u>	<u>\$ 349,312</u>	<u>\$ 16,587</u>	<u>\$ 2,707</u>	<u>\$ 117,784</u>	<u>\$ 17,376</u>
<u>\$ 8,921</u>	<u>\$ 17,986</u>	<u>\$ 300,072</u>	<u>\$ (8,695)</u>	<u>\$ (94,986)</u>	<u>\$ (84,309)</u>	<u>\$ (53,061)</u>
19.5%	18.7%	17.4%	19.9%	16.7%	15.8%	16.9%

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

Table 5

Fiscal Year	Estimated Actual Value of Taxable Property		Total Taxable Value ⁽¹⁾	Total Direct Tax Rate
	Real Property	Personal Property		
2000	\$ 9,466,395	\$ 1,948,751	\$ 11,415,146	0.6380
2001	10,344,386	2,090,767	12,435,153	0.6340
2002	11,304,546	2,208,832	13,513,378	0.6340
2003	12,099,808	2,244,193	14,344,001	0.6340
2004	12,899,757	2,118,968	15,018,725	0.6480
2005	13,349,818	2,249,502	15,599,320	0.6480
2006	13,930,567	2,213,014	16,143,581	0.6480
2007	14,557,436	2,235,989	16,793,425	0.6480
2008	15,304,029	2,287,200	17,591,229	0.6480
2009	15,859,827	2,386,993	18,246,820	0.6480

Source: City of Arlington Financial and Management Resources

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

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

Table 6

Fiscal Year	City Direct Rates			Overlapping Rates				
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District ¹	HEB Independent School District ¹	Kennedale Independent School District ¹	Mansfield Independent School District ¹	Tarrant County ²
2000	0.3200	0.3180	0.6380	1.59	1.63	1.55	1.71	0.61
2001	0.3276	0.3064	0.6340	1.62	1.68	1.61	1.69	0.62
2002	0.3429	0.2911	0.6340	1.65	1.65	1.61	1.67	0.62
2003	0.3620	0.2720	0.6340	1.74	1.71	1.62	1.68	0.64
2004	0.3879	0.2601	0.6480	1.76	1.66	1.61	1.68	0.65
2005	0.4023	0.2457	0.6480	1.75	1.72	1.80	1.77	0.65
2006	0.4244	0.2236	0.6480	1.61	1.60	1.72	1.69	0.65
2007	0.4467	0.2013	0.6480	1.28	1.30	1.36	1.45	0.64
2008	0.4467	0.2013	0.6480	1.27	1.30	1.49	1.45	0.63
2009	0.4467	0.2013	0.6480	1.27	1.30	1.49	1.45	0.65

Source: City of Arlington Financial and Management Resources

Note:

- 1 A single property owner's total tax rate would only include one independent school district's (Arlington, Hurst-Euless-Bedford, Kennedale, or Mansfield) tax rate.
- 2 This column includes the tax rates for Tarrant County, the Tarrant County Junior College District, and the Tarrant County Hospital District, TC Regional Water Dist

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

2009		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value^a</u>
General Motors Corp.	\$ 211,846,231	12.61 %
Parks @ Arlington	150,541,475	8.96
Oncor Electric Delivery	142,416,467	8.48
Arlington Highlands	130,885,400	7.79
Southwestern Bell	73,409,308	4.37
Six Flags Fund	66,077,444	3.93
Wal Mart Real Estate	58,486,313	3.48
USMD Surgical Hospital	58,177,021	3.46
Quicksilver Resources	51,016,783	3.04
Lincoln Square LTD	39,783,322	2.37
Total	<u>\$ 982,639,764</u>	<u>58.49 %</u>

Source: City of Arlington Financial and Management Resources
 Tarrant Appraisal District Records

Table 7

2000		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value^a</u>
General Motors Corp.	\$ 141,891,278	13.94 %
Texas Utilities Electric	136,355,384	13.39
Southwestern Bell	92,601,058	9.10
Parks @ Arlington	85,681,868	8.42
Six Flags Over Texas	81,471,191	8.00
Don Davis	56,499,240	5.55
Arlington Lakes Lp	48,182,146	4.73
EQR Operating LTD	47,694,549	4.68
National Semiconductor	46,453,506	4.56
Dillard Department Stores	36,488,411	3.58
Total	<u>\$ 773,318,631</u>	<u>75.95 %</u>

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

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
		Amount	% of Levy		Amount	% of Levy
2000	\$ 72,828,633	\$ 71,724,897	98.48	\$ 897,209	\$ 73,180,874	100.48
2001	78,838,868	77,699,648	98.56	907,420	78,884,410	100.06
2002	85,674,820	84,218,512	98.30	1,122,148	85,605,894	99.92
2003	90,940,968	89,259,973	98.15	1,257,825	90,844,263	99.89
2004	97,321,335	96,929,494	99.60	(251,872)	98,550,430	101.26
2005	101,083,596	98,914,959	97.85	735,596	101,310,283	100.22
2006	104,610,406	102,395,260	97.88	559,424	104,239,487	99.65
2007	108,821,392	106,139,829	97.54	1,177,996	108,630,576	99.82
2008	114,126,102	111,408,733	97.62	1,486,423	113,625,781	99.56
2009	118,239,391	116,351,305	98.40	538,891	118,437,757	100.17

Source: City of Arlington Financial and Management Resources

Note: Cumulative Tax Collection Comparison

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

Fiscal Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Certificates of Obligation	Commercial Paper	Other Obligations	Water and Sewer Revenue Bonds	Total Primary Government	Percentage of Total Taxable Value
2001	\$ 256,425,000	\$46,165,000	\$ -	\$ -	\$ 90,955,000	\$ 393,545,000	3.16%
2002	256,795,000	42,855,000	-	-	94,575,000	394,225,000	2.92%
2003	258,190,000	39,630,000	-	-	83,650,000	381,470,000	2.66%
2004	258,960,000	34,745,000	-	-	87,935,000	381,640,000	2.54%
2005	232,475,000	37,600,000	-	297,990,000	94,790,000	662,855,000	4.25%
2006	226,760,000	25,935,000	2,000,000	297,990,000	84,510,000	637,195,000	3.95%
2007	205,875,000	22,405,000	14,000,000	297,990,000	99,000,000	639,270,000	3.81%
2008	242,920,000	65,610,000	22,000,000	297,990,000	90,770,000	719,290,000	4.09%
2009	221,380,000	61,920,000	22,000,000	303,780,000	100,500,000	709,580,000	3.89%

Source: City of Arlington Financial and Management Resources

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

^aSee Table 13 for personal income and population data.

Certificates of Obligation include Tax and Revenue certificates

Other Obligations include Special Tax Revenue Bonds, Revenue Bonds and Commercial Paper

Table 9

Estimated Population	Per Capita ^a	Percentage of Personal Income
339,215	\$ 1,160	0.84%
346,197	1,139	0.83%
351,719	1,085	0.78%
355,634	1,073	0.73%
361,300	1,835	1.04%
362,393	1,758	0.91%
364,300	1,755	0.84%
369,150	1,949	N/R
370,450	1,915	N/R

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

Fiscal Year	General Bonded Debt Outstanding			
	General Obligation Bonds	Certificates of Obligations	Commercial Paper	Total
2000	\$ 252,305,000	\$ 41,875,000	\$ -	\$ 294,180,000
2001	256,425,000	46,165,000	-	302,590,000
2002	256,795,000	42,855,000	-	299,650,000
2003	258,190,000	39,630,000	-	297,820,000
2004	258,960,000	34,745,000	-	293,705,000
2005	232,475,000	37,600,000	-	270,075,000
2006	226,760,000	25,935,000	2,000,000	254,695,000
2007	205,875,000	22,405,000	14,000,000	242,280,000
2008	242,920,000	65,610,000	22,000,000	330,530,000
2009	221,380,000	61,920,000	22,000,000	305,300,000

Source: City of Arlington Financial and Management Resources

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

^aSee Table 5 for property value data.

^bSee Table 13 for population data.

N/R - not reported

Table 10

Percentage of Actual Taxable Value of Property ^a	Per Capita ^b	Estimated Population
2.89%	\$ 884	332,969
2.97%	892	339,215
2.94%	866	346,197
2.93%	847	351,719
2.88%	826	355,634
2.65%	748	361,300
2.50%	703	362,393
2.38%	665	364,300
3.25%	895	369,150
3.00%	827	370,450

CITY OF ARLINGTON, TEXAS
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of September 30, 2009
 (Unaudited)

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Direct			
City of Arlington	\$ 301,671,000	100.00%	\$ 301,671,000
Overlapping			
Arlington I.S.D.	401,385,722	78.23%	314,004,050
Hurst-Euless-Bedford I.S.D.	209,091,499	0.35%	731,820
Kennedale I.S.D.	50,033,037	54.36%	27,197,959
Mansfield I.S.D.	679,619,002	33.00%	224,274,271
Tarrant County	321,311,250	14.87%	47,778,983
Tarrant County Junior College District	39,402,780	14.87%	5,859,193
Tarrant County Hospital District	<u>62,680,000</u>	14.87%	<u>9,320,516</u>
Total direct and overlapping debt			<u><u>\$ 930,837,792</u></u>

Source: City of Arlington Financial and Management Resources

Note: Net Debt Service Reserve Fund

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

Table 12

Fiscal Year	Waterworks and Sewer System Revenue Bonds				
	Total Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue ⁽³⁾	Average Annual Requirement	Times Coverage ⁽⁴⁾
2000	\$ 89,049	\$ 55,523	\$ 33,526	\$ 5,959	5.63
2001	77,028 ⁽⁵⁾	55,562	21,466	6,335	3.39
2002	82,064	57,482	24,582	6,664	3.69
2003	82,925	57,309	25,616	6,067	4.22
2004	89,413	57,556	31,857	6,078	5.24
2005	93,399	55,139	38,260	6,615	5.78
2006	104,920	63,171	41,749	6,176	6.76
2007	90,471	61,044	29,427	6,660	4.42
2008	104,520	63,231	41,289	6,141	6.72
2009	109,168	75,714	33,454	7,119	4.70

Source: City of Arlington Financial and Management Resources

- Note:**
- ⁽¹⁾ Revenue determined on the full accrual basis and includes nonoperating interest
 - ⁽²⁾ Total expenses less depreciation and bond interest
 - ⁽³⁾ Gross operating revenues (1) less expenses (2)
 - ⁽⁴⁾ Net revenue available for debt service (3) divided by average annual debt service requirement
 - ⁽⁵⁾ Gross operating revenues in fiscal year 2001 reflect a refund of \$7.0 million

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

Table 13

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2000	332,969	44,068,188	30,300	33.1	59,342	3.3%
2001	339,215	47,011,291	31,577	N/R	60,760	4.1%
2002	346,197	47,735,316	31,295	N/R	62,104	5.6%
2003	351,719	49,151,450	31,565	N/R	62,345	5.9%
2004	355,634	51,951,087	32,735	N/R	62,531	5.2%
2005	361,300	63,800,913	33,133	N/R	62,267	5.0%
2006	362,393	70,308,212	35,578	N/R	63,397	4.5%
2007	364,300	75,773,821	37,428	N/R	63,082	4.1%
2008	369,150	N/R	N/R	N/R	62,863	4.6%
2009	370,450	N/R	N/R	N/R	63,506	7.9%

Sources: City of Arlington Financial and Management Resources

Note: Additional sources include the Census, Bureau of Labor Statistics, NCTCOG, TWC, TEA
 N/R - not reported

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

2009

<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	5,144	2.49%
University of Texas at Arlington	4,987	2.42%
Six Flags over Texas	2,500	1.21%
City of Arlington	2,468	1.20%
General Motors	2,362	1.14%
Texas Health Resources - AMH	2,105	1.02%
Americredit	1,570	0.76%
Texas Rangers Baseball Club	1,295	0.63%
Medical Center of Arlington	1,250	0.61%
Chase Bank	1,117	0.54%
Providian Financial	914	0.45%
L-3 Communication	859	0.42%
Lear Corporation	700	0.34%
Total	<u>24,798</u>	<u>12.02%</u>

Source: City of Arlington Financial and Management Resources

Note: 2009 Employment Estimate (as of July) is 206,388
 2000 Employment Estimate is 193,836

Table 14

2000*		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	6,723	3.47%
University of Texas at Arlington	4,417	2.28%
Six Flags Over Texas	3,250	1.68%
General Motors	2,400	1.24%
City of Arlington	2,290	1.18%
Arlington Memorial Hospital	1,800	0.93%
Siemens Electrocom	1,400	0.72%
Providian Financial	1,219	0.63%
National Semiconductor	1,200	0.62%
Doskocil Manufacturing	1,158	0.60%
Texas Rangers Baseball Club	1,100	0.57%
Bell Helicopter	1,086	0.56%
Aetna US Healthcare	923	0.48%
	<u>28,966</u>	<u>14.96%</u>

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

Function/Program	Fiscal Year			
	2000	2001	2002	2003
Strategic Support				
*Management Resources	15	3	3	-
General Services Fund	14	14	14	14
City Attorney's Office	31	30	30	28
City Manager's Office	13	12	11	29
Internal Auditor's Office	4	5	5	-
Workforce Services	125	125	135	121
Judiciary	-	-	-	-
Municipal Court	3	4	4	4
Information Technology	61	48	48	40
IT - Internal Services Fund	-	13	14	15
*Financial & Mgmt Resources	61	77	70	69
Economic Development				
Economic Development	-	-	-	-
Community Development and Planning	21	55	55	54
Aviation	-	-	-	-
Convention Center	39	35	35	35
Neighborhood Services				
Police	629	653	714	706
**Fire	301	302	301	304
Community Services	100	71	72	69
Park and Recreation	128	133	138	137
Park Performance Fund	76	76	72	67
Library	66	66	66	71
Capital Investment				
Public Works & Transportation	-	-	-	-
Street Maintenance Fund	-	-	80	67
Environmental Services	-	-	-	-
Fleet Services Fund	24	24	24	24
Water Utilities Fund	226	230	227	225
Storm Water Utility Fund	-	-	-	-
Grant Funds	83	76	105	104
Support Services	39	39	36	30
Sanitary Landfill Fund	27	27	26	26
Transportation	124	128	72	68
Engineering Services	80	79	79	73
Total	2,290	2,325	2,436	2,380

Source: City of Arlington Financial and Management Resources

Note:

* Management Resources and Finance merged into Financial & Management Resources

**Fire umbrellas communication services fund (2009, 106 FTEs)

Table 15

Fiscal Year					
2004	2005	2006	2007	2008	2009
-	23	31	42	42	-
12	12	13	10	10	11
29	33	33	37	37	38
28	9	4	6	4	4
-	-	6	6	6	6
119	119	19	23	23	20
-	-	-	5	6	6
4	4	4	46	46	43
38	38	38	34	34	33
15	15	15	20	20	20
67	78	30	31	31	74
-	-	-	3	3	3
52	53	56	69	73	70
-	-	-	8	8	8
33	33	32	31	32	32
746	745	745	768	793	811
302	302	302	407	414	426
66	67	74	72	77	77
132	132	125	130	115	119
66	66	66	61	81	75
68	64	64	71	71	70
118	114	112	125	133	89
76	75	71	62	62	92
-	-	-	10	10	4
3	3	2	2	2	1
223	223	219	219	218	219
-	-	-	-	-	24
77	77	79	85	88	93
28	31	170	-	-	-
26	26	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,328</u>	<u>2,342</u>	<u>2,310</u>	<u>2,383</u>	<u>2,439</u>	<u>2,468</u>

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

Function/Program	Fiscal Year			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Public safety				
Police				
Number of employees	653	659	718	726
Number of dispatch calls	156,337	157,291	158,229	150,352
Fire				
Number of employees	302	301	297	296
Number of service calls	27,925	28,803	28,924	26,381
Miles of streets and alleys				
Street - paved (lane miles)	1,852	1,907	1,959	1,991
Sidewalks (miles)	384	390	407	419
Parks and recreational				
Parks - programs registration	N/R	N/R	N/R	N/R
Membership				
Library				
Central library	1	1	1	1
Branch libraries	4	4	4	5
Book stock	444,565	388,126	486,176	515,113
Average monthly circulation	117,973	121,601	128,639	125,512
Water and sewer				
Number of accounts	92,378	94,867	96,974	94,279
Average daily water consumption (gallon:	56,676,767	59,681,000	52,169,473	56,364,260
Ozonated treatment capacity (gpd)	137,000,000	170,000,000	174,110,000	174,000,000
Miles of water mains	1,372	1,392	1,414	1,428
Number of fire hydrants	8,584	8,253	8,091	9,233
Number of sewer connections	86,746	89,042	90,198	91,774
Golf Course				
Number of clinics	17	19	38	13
Number of participants in clinics	209	315	515	241
Number of private lessons	228	2,002	2,401	2,037

Source: City of Arlington Financial and Management Resources

Notes: N/R - not reported
 2004-2007 Police employment represents full-time sworn officers

Table 16

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
524	534	558	582	598	621
142,154	146,891	146,408	147,668	142,861	139,251
296	301	394	407	414	426
28,734	27,788	48,468	30,665	31,090	30,955
2,029	2,477	2,939	2,969	2,985	2,996
425	908	974	981	988	993
31,355	36,407	20,573	38,366	39,450	48,442
48,274	34,763	41,031	41,205	39,398	35,756
1	1	1	1	1	1
5	5	5	5	6	6
507,891	522,703	579,445	598,869	611,402	623,767
131,244	131,738	134,710	139,909	155,417	177,075
101,057	102,421	97,299	98,195	98,924	99,141
51,550,000	53,550,000	65,019,372	47,582,642	53,516,147	51,697,563
174,000,000	174,000,000	140,000,000	140,000,000	140,000,000	140,000,000
1,350	1,358	1,378	1,378	1,532	1,545
9,992	10,195	10,325	10,493	10,550	10,711
94,052	95,479	95,124	96,905	96,905	96,895
24	3	104	127	92	133
338	44	438	646	517	508
2,639	984	2,071	1,770	1,653	1,631

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

<u>Function/Program</u>	<u>Fiscal Year</u>			
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Public safety				
Police stations	2	2	2	3
Fire stations	16	16	16	16
Miles of streets and alleys				
Streets- paved (lane miles)	1,852	1,907	1,959	1,991
Sidewalks (miles)	384	390	407	419
Cultural and recreational				
Parks (acres) (golf courses included)	3,888	4,226	4,180	4,529
Swimming pools	5	5	6	6
Tennis courts	41	41	49	48
Recreation centers	5	5	5	5
Senior center	-	-	-	-
Miles of park trails	33	35	33	43
Sports fields-youth	80	80	122	73
Basketball courts-outdoors	29	29	29	24
Number of golf courses	4	4	4	4
Water and Sewer				
Water mains (miles)	1,372	1,392	1,414	1,428
Fire hydrants	8,584	8,253	8,091	9,233
Sanitary sewers (miles)	1,123	1,145	1,163	1,176

Source: City of Arlington Financial and Management Resources

Table 17

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
3	3	3	3	3	3
16	16	16	16	16	16
2,029	2,477	2,939	2,969	2,985	2,996
425	908	974	981	988	993
4,529	4,652	4,652	4,663	4,669	4,681
5	7	6	7	7	7
49	49	49	49	47	45
5	5	5	5	5	5
-	2	2	2	2	2
43	45	40	43	46	47
54	54	77	77	77	77
24	24	22	22	22	22
4	4	4	4	4	4
1,350	1,358	1,378	1,389	1,532	1,545
9,992	10,195	10,325	10,493	10,550	10,711
1,181	1,186	1,194	1,194	1,282	1,286

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
2000	\$252,879	\$312,412	80.9%	\$ 59,533	\$92,137	64.6%	12.73%	3.12%
2001	267,933	333,403	80.4%	65,469	100,657	65.0%	12.80%	3.14%
2002	290,670	363,021	80.1%	72,351	110,577	65.4%	12.75%	3.17%
2003	316,095	397,483	79.5%	81,388	110,722	73.5%	12.67%	3.18%
2004	336,817	433,336	77.7%	96,519	109,451	88.2%	13.22%	3.59%
2005	342,453	444,422	77.1%	101,969	115,074	88.6%	14.18%	4.34%
2006	334,823	447,440	74.8%	112,617	113,822	98.9%	14.55%	4.85%
2007	342,766	466,521	73.5%	123,755	128,574	96.3%	14.88%	5.10%
2008	348,785	569,404	61.3%	220,619	130,958	168.5%	15.51% ^(a)	9.44%
2009	360,029	594,442	60.6%	234,413	143,791	163.0%	16.76% ^(b)	9.95%

Source: City of Arlington Financial and Management Resources

^(a) Phase in rate for 2008 15.51%

^(b) Phase in rate for 2009 16.76%