

# City of Arlington, Texas Comprehensive Annual Financial Report

Year ended September 30, 2010



Economic Development Capital Investment Neighborhood Services Strategic Support

# CITY OF ARLINGTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2010

PREPARED BY THE FINANCIAL AND MANAGEMENT RESOURCES  
DEPARTMENT, ACCOUNTING DIVISION



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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, 2010  
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March 4, 2011

Dear Reader:

The Arlington, Texas Comprehensive Annual Financial Report (CAFR or report) for the fiscal year ended September 30, 2010, 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, 2010. 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/Arlington 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 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**

### **Texas Rangers Major League Baseball Playoffs**

For the first time since 1999, the Texas Rangers won their division and headed to playoffs. The Rangers went on to win the American League Championship by defeating the New York Yankees in six games out of seven at home, thus securing the first ever Texas Rangers World Series appearance in October of 2010.

### **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. The AT&T Cotton Bowl Classic was held on New Year's Day, 2010. The NBA all Star game, which was held in February 2010, set a record for the most attended basketball game ever with 108,713 people in attendance. The City will host Super Bowl XLV in February 2011.

### **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 2010, the Foundation approved over \$1.4 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

### **International Bowling Campus**

The International Bowling Campus opened in January 2010. For the first time in the history of the sport, the bowling industry is united under one roof. The campus houses the resources of the United States Bowling Congress, the Bowling Proprietors' Association of America, Strike Ten Entertainment, the International Bowling Museum and Hall of Fame, The Bowling Foundation, the International Bowling Pro Shop and Instructors Association, the Bowling Writers' Association of America, the Bowling News Network, the Billiard and Bowling Institute of America, and the International Training and Research Center.

### **College Park Center**

In March of 2010, the City and UT Arlington broke ground for the new \$78 million College Park Center. The multi-purpose center will give the Downtown/University District a signature venue for world-class concerts, conferences, commencement ceremonies and special events. The center is scheduled to open in December 2011. Construction of a \$67 million mixed-use residence will follow. The project includes 1,800 parking spaces on four levels. The building will include retail and office space at ground level, student housing, a University police satellite office and a plaza.

### **Other notable 2010 milestones include:**

- The groundbreaking for the new airport terminal building at the Arlington Municipal Airport. The new 17,000 square foot building will house Airport administrative offices and provide

lease space for aviation-related businesses. The project will become the city's first LEED Silver Certified facility, a nationally accepted benchmark for the design, construction and operation of high-performance green buildings.

- The groundbreaking for Fire Station #9 in South Arlington. The fire station will become the first Silver LEED-certified public safety building when it opens in spring of 2011.
- The opening of two new Senior Programs, places for seniors over the age of sixty to gather. The programs will have educational classes and activities, as well as a hot lunch every day.
- The City of Arlington set a new world record for CPR training with 4,626 participants in November of 2009 at Cowboys Stadium.

### **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, 2009. This was the 32nd year the City has earned this prestigious award. A Certificate of Achievement is valid for a period of one year. The City believes the current CAFR continues to meet the certificate requirements and will be submitting the document to the GFOA to determine ongoing eligibility for the certificate.

The GFOA also awarded a Certificate for Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2009. This was the second 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. We would like to express my appreciation to all members of Financial Operations, especially Sherry Wright, Ethan Klos, David Balsamo, Linda Beavers, Honora Bracken, Deloise Edwards, Daryl Holder, Kristi Janes, Deven Mercer, Cynthia Moss, Wally Waits, Barbara Whitehorn, and Joan Wilson, who assisted and contributed to the preparation of this report.

Respectfully submitted,



James N. Holgersson  
City Manager



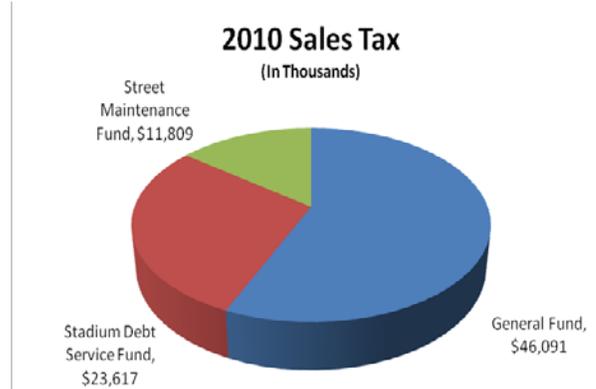
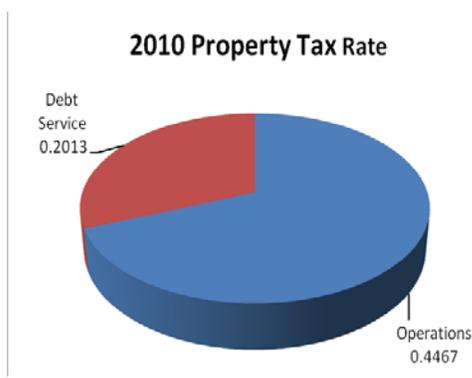
April Nixon  
Financial and Management  
Resources Director/CFO

## Local Economic Indicators

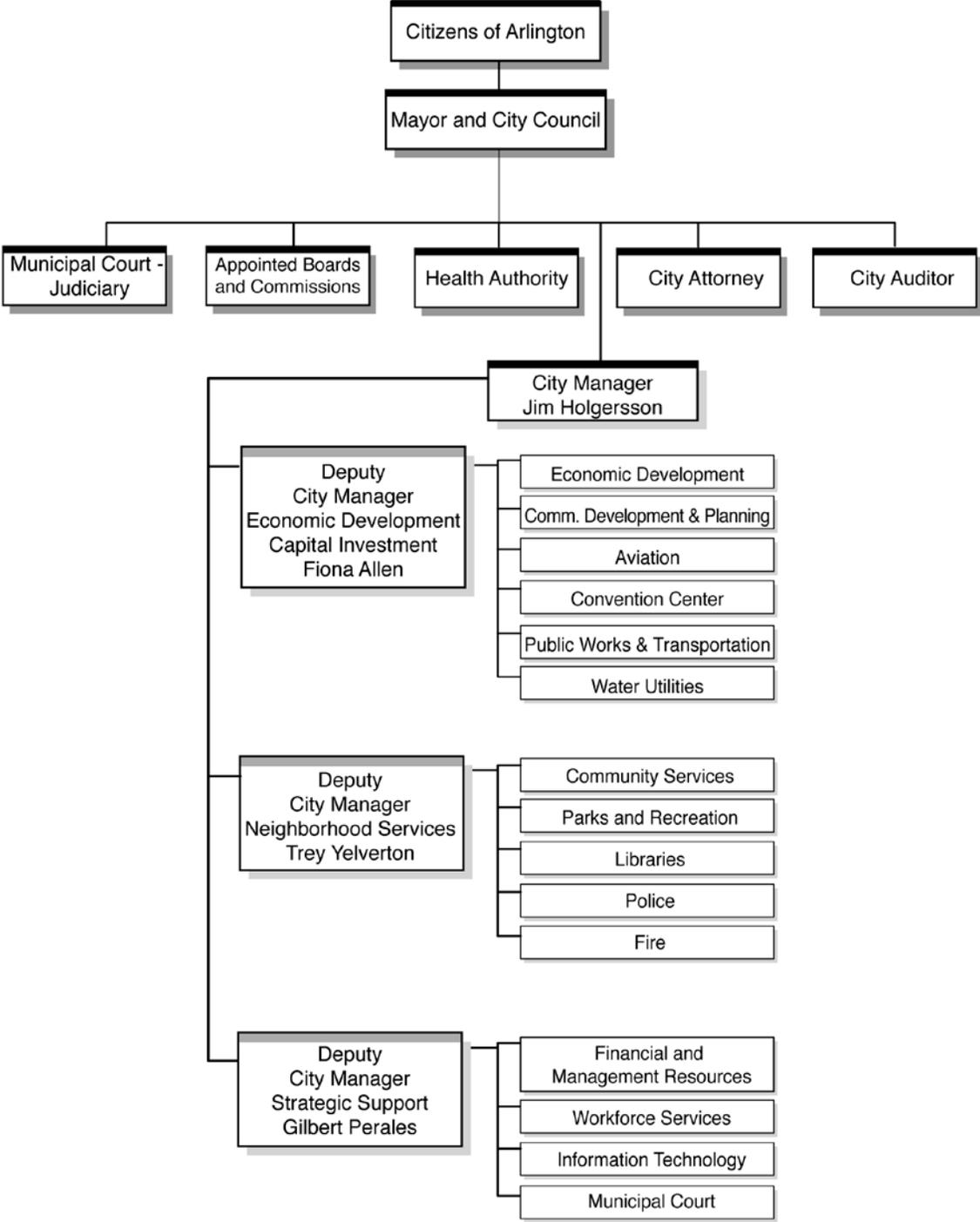
The Arlington Economy is broad and diverse. Major employers include the Arlington Independent School District, The University of Texas at Arlington, Six Flags Over Texas, General Motors, and Texas Health Resources. Major taxpayers include General Motors, Oncor Electric Delivery, The Parks Mall at Arlington, 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.

	2008	2009	2010
<b>Property Tax Base in thousands</b>			
Personal	2,247,800	2,386,993	2,604,015
Real Estate	15,311,608	15,859,827	15,647,090
Total	17,559,408	18,246,820	18,251,105
<b>Property Tax Rate</b>			
Operations	0.4467	0.4467	0.4330
Debt Service	0.2013	0.2013	0.2150
Total	0.6480	0.6480	0.6480
<b>Sales Tax in thousands</b>			
Amount	81,385	80,193	81,517
Annual growth	2.0%	(1.46%)	1.65%
<b>Population</b>	369,150*	370,450*	365,438
<b>General Obligation Debt per Capita</b>	\$835	\$827	\$920
<b>Labor Force</b>	208,417	210,017	208,628
<b>Unemployment Rate</b>	4.0%	7.6%	7.5%
<b>Housing Start Permits Issued</b>	427	251	284
<b>Foreclosures (residential and commercial)</b>	1,285	1,187	1,262
<b>Occupancy Rates</b>			
Office	88.8%	87.9%	85.3%
Industrial	93.1%	84.0%	85.7%
Retail	91.3%	91.5%	92.0%
Residential (Multi-family)			
North Arlington - 4th Quarter	89.3%	90.0%	93.0%
South Arlington - 4th Quarter	91.3%	92.9%	91.0%

\*Prior year's population were estimates, current year population is based on latest census data



# 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, 2009

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.



President

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 2012

Sheri Capehart, District 2

Term expires May 2012

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 2012

Jimmy Bennett, District 7 At Large

Term expires May 2012

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, and the aggregate discretely presented component units and remaining fund information of the City of Arlington, Texas (the "City"), as of and for the year ended September 30, 2010, 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 opinions 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 10.51% and 0.63%, respectively, of total discrete component unit assets as of September 30, 2010, and total program revenues constituting 86.31% and 11.76%, 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 opinions, insofar as they relate to the amounts included for the Housing Authority of the City of Arlington, Texas, and the Arlington Convention and Visitors Bureau, Inc., are 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 opinions.

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, and the aggregate discretely presented component units and remaining fund information of the City of Arlington, Texas, as of

September 30, 2010, 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 4, 2011, 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 4, 2011

## CITY OF ARLINGTON, TEXAS

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

SEPTEMBER 30, 2010

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, 2010. 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 \$64M (5.2%) this year, \$59M of which is due to a net increase in cash and cash equivalents.
  - The City's **increase** in total net assets of \$89.7M for the year was \$330.3M lower than the \$420M increase last year. This variance is primarily attributable to the one-time \$261M in contributions received from the Cowboys Stadium, L.P. for construction of the Cowboys Project in fiscal year 2009.
  - The City's governmental funds reported combined ending fund balances of \$253M, an **increase** of \$74M over last year. This increase is due to:
    - \$31M increase in the Streets Capital Projects Fund, which issued bonds in the amount of \$34.7M, offset by a decrease in interest contribution revenue.
    - \$10M increase in the Debt Service Fund, primarily due to prior year refunding and termination of variable rate debt and swaps for the stadium.
    - \$25M increase in the nonmajor special revenue and capital projects funds, primarily due to an issuance of bonds and certificates of obligations in the amount of \$28.7M.
    - \$8M increase in the General Fund fund balance. The General Fund increase was due in part to conservative spending; total General Fund expenditures decreased in 2010 by \$5M.
- The 2010 General Fund unreserved fund balance was \$60.6M and unreserved and undesignated fund balance was \$3.6M, an **increase** in the aggregate from prior year. In 2009, the comparable balances were \$53.1M and \$3.7M. Total unreserved and unreserved undesignated fund balance of \$60.6M is \$7.4M higher than last year primarily due to the addition of the Business Continuity Reserve, designating the use of \$6.9M. The designated funds represent one-time funding of the City's Challenge Grant program. The City designated \$6.9M in one-time use funds for continuing some operations on a conditional basis. Departments were asked to submit program reductions to be funded from the reserve and were challenged to find additional revenue streams to offset the costs of the programs and positions placed in the Challenge Grant. Programs and positions funded through the funds designated in the Business Continuity Reserve may be eliminated at the end of fiscal year 2011 unless additional revenue streams are identified.

- Total debt of \$752.3M **increased** \$41.9M during the year. Debt issues in 2010 include \$14.7M certificates of obligations, \$29.4M Permanent Improvement bonds, \$34.5M Permanent Improvement and Refunding bonds and \$21.5M Water and Wastewater System Revenue and Refunding bonds. Bond principal payments for 2010 total \$44M on existing obligations. Debt is allocated 85.3% for general government, with the remaining 14.7% 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 functions are reported here, including general government, public safety, public works, public health, parks and recreation, public welfare, convention and event services and interest and fiscal charges. Property taxes, sales taxes and franchise fees provide the majority of funding for these activities, with the addition of charges for services, grants and contributions.
- **Business-type Activities** – 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. For fiscal year 2010, the City includes six discretely presented component units in its report – Arlington Sports Facilities Development Authority, Inc. (ASFDA), Arlington Housing Authority (AHA), Arlington Convention and Visitors Bureau (ACVB), Arlington Housing Finance

Corporation (AHFC), Arlington Tomorrow Foundation (ATF), and Arlington Industrial Corporation (AIC). Although legally separate, these component units are important because the City is financially accountable for them. The ASFDA was dissolved in August of 2010. The assets and liabilities of the ASFDA became assets and liabilities of the City as a whole.

## **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-two individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, Streets Capital Projects Fund and the Stadium Venue Fund, all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregate, nonmajor fund presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this 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 \$1.9B as of September 30, 2010. Analyzing the net assets and net expenses of governmental and business-type activities separately, the governmental activities net assets are \$1.3B and the business-type activities net assets are \$585M. This analysis focuses on the net assets and changes in general revenues and significant expenses of the City's governmental and business-type activities.

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

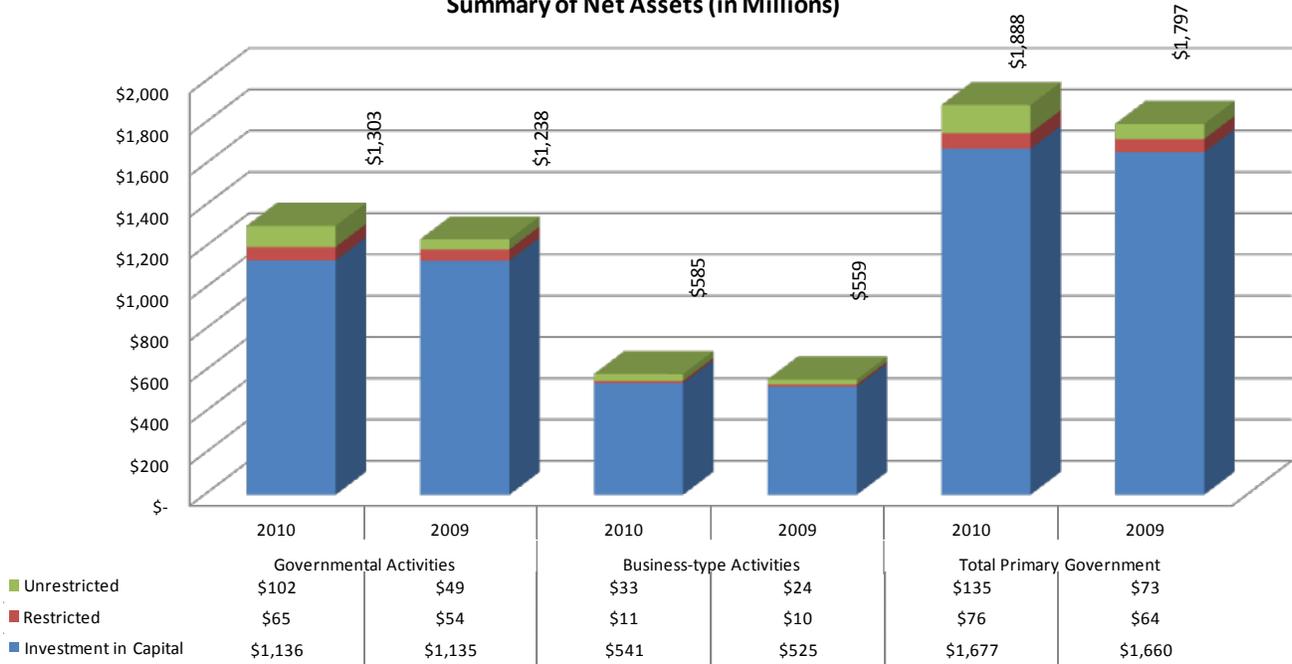
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
Current and other assets	\$ 372	\$ 279	\$ 102	\$ 88	\$ 474	\$ 367
Capital assets	1,679	1,665	608	590	2,287	2,255
Total assets	2,051	1,945	710	678	2,761	2,623
Long-term liabilities	659	616	102	92	761	708
Other liabilities	89	91	23	27	112	118
Total liabilities	748	707	125	119	873	826
Net assets:						
Invested in capital assets, net of related debt	1,136	1,135	541	525	1,677	1,660
Restricted	65	54	11	10	76	64
Unrestricted	102	49	33	24	135	73
Total net assets	\$1,303	\$ 1,238	\$ 585	\$ 559	\$ 1,888	\$ 1,797

By far the largest portion of the City's net assets (87%) 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

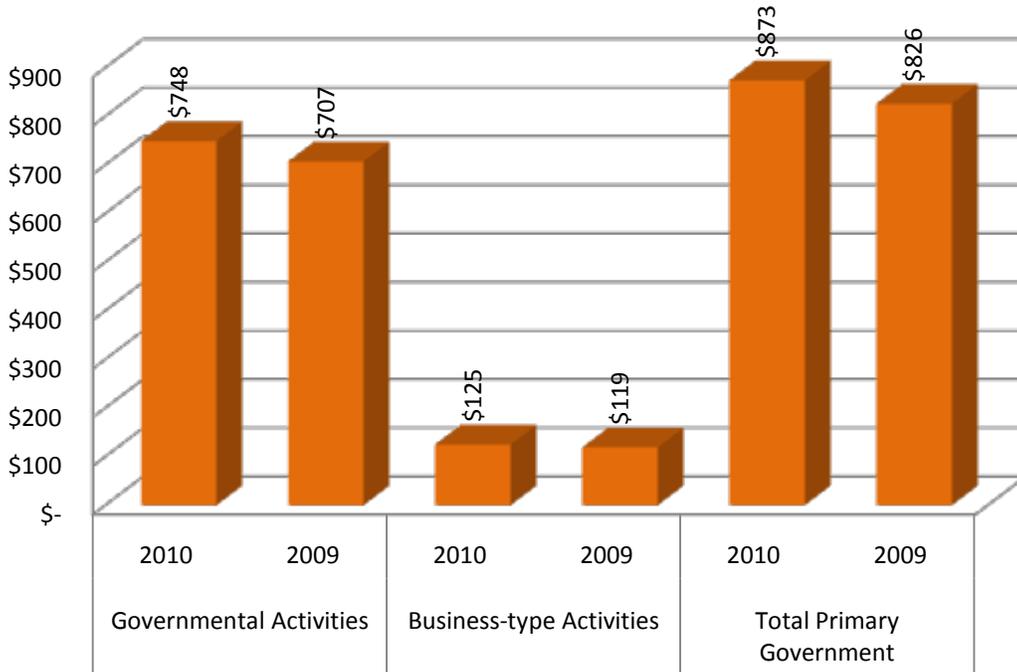
**CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010**

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.

**Summary of Net Assets (in Millions)**



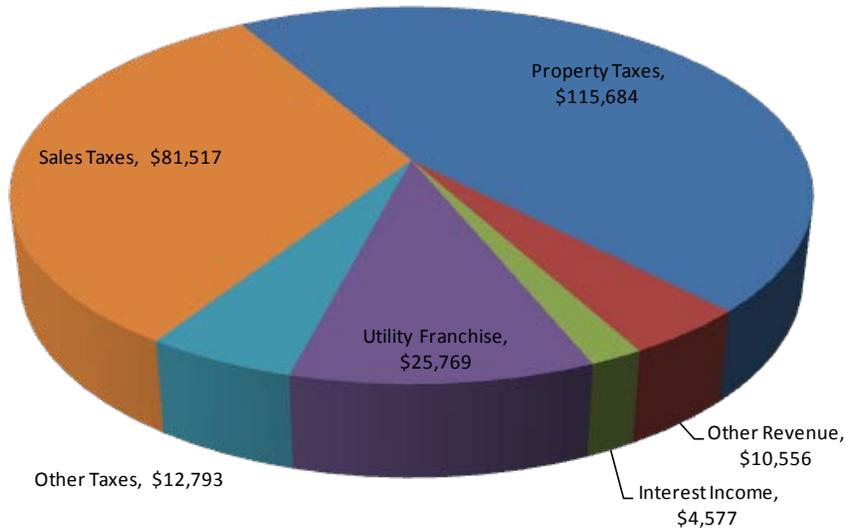
**Summary of Liabilities (in Millions)**



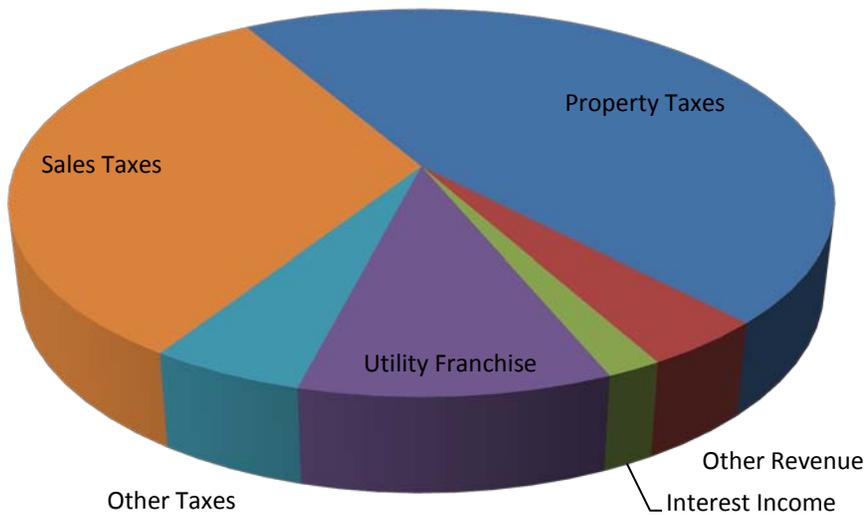
**Governmental Activities**

The City's general revenues increased two percent (\$5.1M) compared to the prior year. The primary reason for the increase was a \$3.1M increase in sales tax and other taxes. Interest revenues continued to decline (19%); other miscellaneous revenue increased \$4.M.

**2010 General Revenue  
 (in thousands)**



**2009 General Revenue  
 (in thousands)**



**CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010**

The assessed value of real and personal property in the City rose slightly, \$4.3M (0.02%). The taxable value of real and personal property decreased by 1.34 percent; however, the properties under protest decreased from the prior year, adding enough value to offset the assessed value decrease in existing property. The property tax rate of \$0.6480 per \$100 assessed valuation remained the same as in 2009.

Governmental and Business-type activities increased the City's net assets by \$64M and \$25.4M, respectively. The key elements of these increases are as follows:

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

	Governmental Activities		Business-type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$55,540	\$51,829	\$ 116,502	\$ 115,144	\$ 172,042	\$ 166,973
Operating grants and contributions	23,127	24,578	-	-	23,127	24,578
Capital grants and contributions	72,515	411,788	1,388	2,018	73,903	413,806
General Revenues:						
Taxes	209,994	208,456	-	-	209,994	208,456
Utility franchise fees	25,769	25,038	-	-	25,769	25,038
Interest income	4,577	5,629	895	1,581	5,472	7,210
Other	10,556	6,606	(41)	183	10,515	6,789
<b>Total revenues</b>	<b>402,078</b>	<b>733,924</b>	<b>118,744</b>	<b>118,926</b>	<b>520,822</b>	<b>852,850</b>
<b>Expenses:</b>						
General government	70,517	40,403	-	-	70,517	40,403
Public safety	134,767	128,219	-	-	134,767	128,219
Public works	67,135	94,171	-	-	67,135	94,171
Public health	3,003	2,406	-	-	3,003	2,406
Parks and recreation	28,020	28,228	-	-	28,020	28,228
Public welfare	12,251	10,213	-	-	12,251	10,213
Convention and event services	6,321	6,299	-	-	6,321	6,299
Interest and fiscal charges	29,444	42,485	-	-	29,444	42,485
Water and sewer	-	-	79,619	80,808	79,619	80,808
<b>Total expenses</b>	<b>351,458</b>	<b>352,424</b>	<b>79,619</b>	<b>80,808</b>	<b>431,077</b>	<b>433,232</b>
<b>Increase in net assets before transfers</b>	<b>50,620</b>	<b>381,500</b>	<b>39,125</b>	<b>38,118</b>	<b>89,745</b>	<b>419,618</b>
Transfers & capital contributions	13,693	(43,278)	(13,693)	43,278	-	-
<b>Increase in net assets</b>	<b>64,313</b>	<b>338,222</b>	<b>25,432</b>	<b>81,396</b>	<b>89,745</b>	<b>419,618</b>
<b>Net Assets, October 1,</b>	<b>1,238,215</b>	<b>899,993</b>	<b>559,205</b>	<b>477,809</b>	<b>1,797,420</b>	<b>1,377,802</b>
<b>Net Assets, September 30</b>	<b>\$ 1,302,528</b>	<b>\$ 1,238,215</b>	<b>\$ 584,637</b>	<b>\$ 559,205</b>	<b>\$ 1,887,165</b>	<b>\$ 1,797,420</b>

The decrease in capital grants and contributions compared to prior year is the result of contributions from the Cowboys Stadium, L.P. for construction of the Cowboys Project received in 2009. \$403.5M was received in 2009 compared to \$37.3M in this year.

**CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010**

Increases in general government expenses in fiscal year 2010 of \$30M are due to several factors. The Cowboys Stadium depreciation is recorded in general government in the government-wide statements; 2010 was the first full year of depreciation, which added \$11.7M to expenses. Non-capital construction in progress completed during the fiscal year added an additional \$7.8M. Fewer projects were completed and capitalized in fiscal year 2010 than 2009, resulting in \$15.4M less reduction of current year expenses than in prior years.

The decrease in expenses in public works was due to fewer capital projects undertaken during the fiscal year than in the previous year and the completion of projects carried forward from prior years, which reduced current year expenses when capitalized.

Expense increases in public safety of \$2.5M were due primarily to telephone and dispatch charges as well as motor vehicle and computer expense increases.

The decrease in expenses in interest and fiscal charges from 2009 to 2010 was primarily attributable to swap termination fees on the refunding of the Dallas Cowboys Complex Special Obligation Bonds, Series 2005B booked in fiscal year 2009.

Revenue and expense variances in business activities (Water and Wastewater/Storm Water Utility) were insignificant this year versus last year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

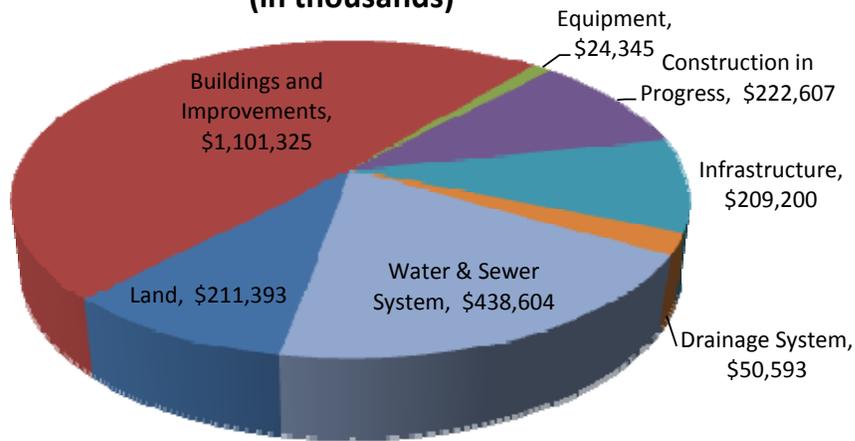
**Capital Assets**

At the end of the fiscal year 2010, the City had \$2.29B invested in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of \$31.2M or 1.4% over the prior fiscal year. The increase is comprised of a \$14.1M increase in governmental activities and a \$17.1M increase in business-type activities. There was a much larger increase in 2009 in governmental activities due to the \$417M 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. This year's increase is related to typical, ongoing improvements of City infrastructure and replacement of machinery and equipment. Footnote 5 in the notes to the financial statements provides more detailed information regarding the City's capital asset activity.

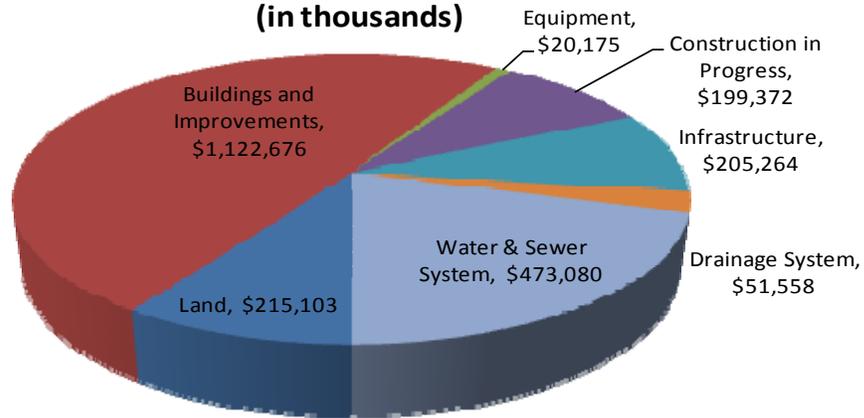
**Table 3  
Capital Assets, net of Accumulated Depreciation  
(In Thousands)**

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 208,407	\$ 204,698	\$ 6,696	\$ 6,695	\$ 215,103	\$ 211,393
Buildings and improvements	1,121,027	1,099,619	1,649	1,706	1,122,676	1,101,325
Equipment	19,139	23,223	1,036	1,122	20,175	24,345
Construction in progress	125,869	128,913	73,503	93,694	199,372	220,607
Infrastructure	205,264	209,200	-	-	205,264	209,200
Drainage system	-	-	51,558	50,593	51,558	50,593
Water and sewer system	-	-	473,080	438,604	473,080	438,604
Totals	\$ 1,679,706	\$ 1,665,653	\$ 607,522	\$ 592,414	\$ 2,287,228	\$ 2,256,067

**2009 Capital Assets  
 (in thousands)**



**2010 Capital Assets  
 (in thousands)**



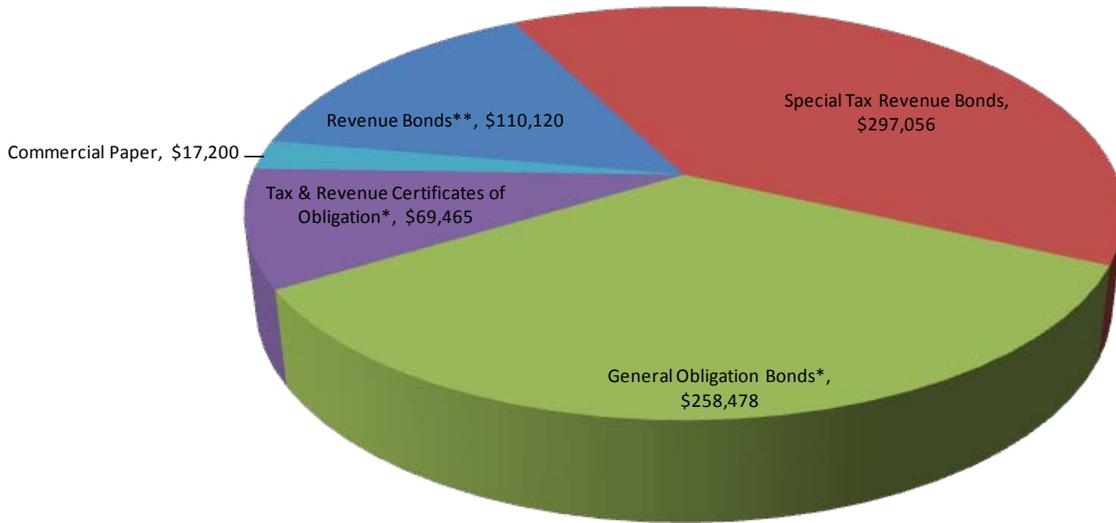
Major capital asset additions during the fiscal year include the following:

- Private developer capital contributions of \$1.4M to the City's water and sewer infrastructure in connection with various residential and commercial developments
- Water and sewer system capital improvements and expansion of \$33M
- Storm drainage and street construction projects capital outlay totaling \$26M
- Continuing construction and building improvements for the Cowboys Stadium of \$41M
- Improvements to parks and recreation facilities of \$3.8M, and a transfer from the dissolved component unit, Arlington Sports Facilities Development Authority Fund (ASFDA), of \$ 2.7M
- Construction of the new airport terminal of \$2.9M.
- Construction of the new fire station #4 of \$1.7M.

**Debt**

At year-end, the City had \$749.9 in debt, an increase of \$39.5M from 2009.

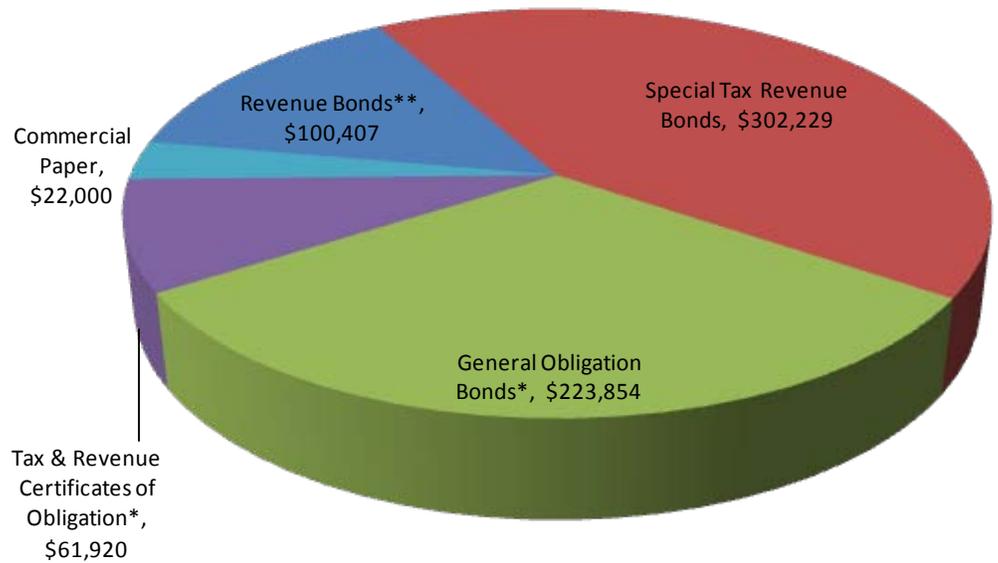
**2010 Outstanding Debt  
 (in thousands)**



*\*Secured by City Tax Base*

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

**2009 Outstanding Debt  
 (in thousands)**



**CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010**

**Table 4  
Outstanding Debt  
(Amounts Expressed In Thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
General obligation bonds (backed by the City)	\$ 258,478	\$ 223,854	\$ -	\$ -	\$ 258,478	\$ 223,854
Combination tax and revenue certificates of obligation (backed by the City)	69,465	61,920	-	-	69,465	61,920
Commercial Paper	17,200	22,000	-	-	17,200	22,000
Special tax revenue bonds	297,056	302,229	-	-	297,056	302,229
Revenue bonds (backed by fee revenues)	-	-	110,120	100,407	110,120	100,407
<b>Totals</b>	<b>\$ 642,199</b>	<b>\$ 610,003</b>	<b>\$ 110,120</b>	<b>\$ 100,407</b>	<b>\$ 752,319</b>	<b>\$ 710,410</b>

During the current fiscal year, the City issued \$63.9M in Permanent Improvement and Refunding bonds for the purpose of making various capital improvements and refunding a portion of the City's outstanding debt. The City also issued \$14.7M in Combination Tax and Revenue Certificates of Obligation. No new special obligation bonds were issued in 2010. In October, 2009 and June, 2010, the City issued \$9.6M and \$21.5M (respectively) in Water and Wastewater System Revenue and Refunding bonds for water and sewer system improvements and to refund a portion of the City's outstanding revenue debt. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

In 2010, the City's tax supported debt rating was upgraded to AA+ by Fitch, Inc. and was upgraded from an Aa2 to Aa1 rating by Moodys Investor Services. The City maintained its AA+ rating by Standard and Poor's Corporation on its tax supported debt. The City also received an upgrade to ratings of water and wastewater revenue bonds, AA+ rating from Standard and Poor's Corporation, Aa2 rating from Moodys Investor Service and AAA from Fitch, Inc. The ratings on the Cowboys Complex Special Obligations remained rated A2 by Moody's and AA by Standard and Poor's.

General bonded debt per capita went from \$824 in 2009 to \$933 in 2010.

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 1.87%.

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

**CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010**

experience, adjustment expenses, economic, and other factors which can vary considerably from year to year. Claim liability increased to \$9.9M in 2009 and then decreased in 2010 to \$9.5M.

**DALLAS COWBOYS COMPLEX DEVELOPMENT PROJECT**

The Stadium Complex opened in July 2009, and both the 2009 and 2010 football seasons were played in Arlington. The City and the Complex hosted Super Bowl XLV in 2011.

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 \$253M. The General fund balance was \$66.5M, an increase of \$8M from prior year. This increase can be attributed to a deliberate attempt by City management to reduce spending. The General fund expenditures were \$4.8M under the prior year. The conservative spending and a modest increase in revenues allowed for the overall increase in General Fund balance. The Debt Service fund balance was also higher than prior year, in part because

**CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010**

of the lease with the Cowboys stadium, and an unrealized gain on the fair value of investments of \$2M. The Debt Service Fund ended the year with a fund balance of \$58.7M. Other changes in fund balances should be noted:

- The City decreased spending in the Street Capital Projects fund in 2010, down \$5M from 2009. Fund balance increased with the debt issue in the last quarter of fiscal year 2010, which added \$34.9M to the fund for street projects beginning in fiscal year 2011, including work on Abram Street, Bowman Springs and Lamar.
- The City's water and sewer fund net assets of \$520M increased by \$21.7M over the prior year net asset balance. The increase in net assets is primarily due to operating revenues exceeding expenses by \$33.9M.
- The Storm Water Utility fund, created in 2009 to address the City's need to manage issues associated with storm water runoff, saw an increase to fund balance in 2010; storm water fee revenues exceeded fund expenses by \$4.3M, increasing fund balance to \$65.8M at the end of the fiscal year.

**GENERAL FUND BUDGET HIGHLIGHTS**

There were no General Fund budget amendments in 2010.

Actual expenditures on a budgetary basis of \$188.7M were less than budgeted expenditures of \$194.6M. Spending that came in under estimates in General Government and Public Works accounted for a majority of the savings.

Revenues on a budgetary basis exceeded expectations of \$197M by a net \$5.3M. Some revenues, including property tax collections, leases, rents and concessions, and licenses and permits exceeded budgetary expectations by \$2-4M each. Others, including service charges and utility franchise fees were \$2-3M under expected levels.

**ECONOMIC FACTORS AND FISCAL YEAR 2011**

The City's elected and appointed officials considered many factors when setting the fiscal year 2011 budget, tax rates, and fees that will be charged for the business-type activities. The City continues to anticipate a mixed future revenue picture and has taken a proactive approach to decreasing expenditures during this economic downturn, creating employee teams to examine expenditures across departments and look for short and long-term solutions through organizational redesign and re-engineering.

Because the City has significant one-time and unpredictable revenues, and short-term economic slowdowns can cause disruptions in service that are reinstated in later years, the City reserved \$6.9M in one-time use funds for continuing some operations on a conditional basis as a key part of balancing the 2011 budget. This Business Continuity Reserve will provide one-time funding for department identified programs and positions placed in the Challenge Grant program. The challenge to departments is to find new revenue streams or cost savings to provide continuous funding for these positions and programs; if unfunded, they will terminate as of 9/30/2011. The City developed this program as an innovative way to deal with budget shortfalls and economic uncertainty.

Property taxes are estimated to be down from 2010, and while sales tax receipts appear to be recovering, the City is still faced with some uncertainty in revenue.

**CITY OF ARLINGTON, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
SEPTEMBER 30, 2010**

The City's total General Fund revenues for 2011 are budgeted at \$197.6M, down \$2M from 2010, while total General Fund expenditures are expected to be \$195M, down half a million dollars from 2010.

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 broken into two pieces, operations and maintenance, \$0.4330 per \$100 valuation, to the General Fund, and interest and sinking, \$0.2150 per \$100 valuation, for debt service. (66.8% O&M, 33.4% I&S) The General Fund property tax revenue for 2011 is estimated to be \$73M, down \$6M (7.5%) from last year's estimate.

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 2011 is estimated at \$47M, a 2.3% increase from 2010.

The largest revenue sources for the Water and Sewer Fund is water sales and wastewater treatment budgeted at \$116M. 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 the Controller, Barbara Whitehorn ([barbara.whitehorn@arlingtontx.gov](mailto:barbara.whitehorn@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.arlingtontx.gov>.

**CITY OF ARLINGTON, TEXAS  
STATEMENT OF NET ASSETS  
AS OF SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 284,232	\$ 23,157	\$ 307,389	\$ 16,606
Investments	4,065	-	4,065	59,979
Receivables (net of allowance for uncollectibles):				
Taxes	4,605	-	4,605	-
Sales taxes	14,420	-	14,420	-
Grants	-	-	-	96
Trade accounts	213	9,100	9,313	-
Franchise fees	6,480	-	6,480	-
Unbilled trade accounts	-	7,946	7,946	-
Special assessments	192	-	192	-
Accrued interest	1,791	-	1,791	642
Ballpark lease	16,563	-	16,563	-
Settlement agreement	10,242	-	10,242	-
Other	5,306	36	5,342	364
Internal balances	916	(916)	-	-
Due from other governments	6,811	-	6,811	-
Deferred charge - issuance costs	6,850	-	6,850	-
Inventory of supplies	1,465	420	1,885	-
Prepaid expenses	39	-	39	22
Net other post employment benefit asset	192	-	192	-
Restricted assets-				
Bond contingency-				
Investments	-	11,468	11,468	-
Accrued interest receivable	-	29	29	-
Capital construction-				
Investments	-	46,050	46,050	-
Assessments receivable	-	4	4	-
Meter deposits-				
Investments	-	4,853	4,853	-
Closure/Post-closure trust fund				
Investments	6,738	-	6,738	-
Capital Assets-				
Land	208,407	6,696	215,103	-
Buildings and improvements	1,244,562	2,833	1,247,395	563
Water and sewer system	-	681,348	681,348	-
Machinery and equipment	77,541	11,219	88,760	1,013
Infrastructure	758,931	-	758,931	-
Drainage systems	-	79,845	79,845	-
Construction in progress	125,869	73,503	199,372	-
Accumulated depreciation	(735,604)	(247,921)	(983,525)	(926)
<b>Total Assets</b>	<b>\$ 2,050,826</b>	<b>\$ 709,670</b>	<b>\$ 2,760,496</b>	<b>\$ 78,359</b>

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, 2010  
(CONTINUED)  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 18,022	\$ 3,502	\$ 21,524	\$ 835
Retainage payable	1,613	-	1,613	-
Accrued interest	1,976	-	1,976	-
Unearned revenue	9,574	-	9,574	3,081
Commercial paper	17,200	-	17,200	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	1,092	1,092	-
Retainage payable	-	2,227	2,227	-
Accrued interest	-	1,327	1,327	-
Meter deposits	-	4,854	4,854	-
Non-current liabilities				
Due within one year:				
Estimated claims payable	5,216	-	5,216	-
Sales tax payable	223	-	223	-
General obligation and certificates of obligation debt	26,750	-	26,750	-
Special tax revenue debt	7,415	-	7,415	-
Accrued compensated absences	1,322	105	1,427	-
Capital lease obligation	255	-	255	-
Revenue bonds	-	10,000	10,000	-
Due in more than one year:				
Arbitrage rebate	75	-	75	-
Estimated claims payable	4,269	-	4,269	-
Sales tax payable	279	-	279	-
Net other post-employment benefit obligation	17,056	-	17,056	-
Net pension obligation	14,266	-	14,266	-
General obligation and certificates of obligation debt	301,193	-	301,193	-
Special tax revenue debt	289,641	-	289,641	-
Landfill closure accrued liabilities	6,738	-	6,738	-
Accrued compensated absences	25,131	1,806	26,937	-
Capital lease obligation	84	-	84	-
Revenue bonds	-	100,120	100,120	-
<b>Total Liabilities</b>	<b>748,298</b>	<b>125,033</b>	<b>873,331</b>	<b>3,916</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	1,136,342	541,227	1,677,569	650
Restricted for debt service	58,696	10,140	68,836	-
Restricted for use of impact fees	6,093	-	6,093	-
Restricted for housing assistance	-	-	-	2,195
Restricted for endowments	-	-	-	66,216
Unrestricted	101,397	33,270	134,667	5,382
<b>Total Net Assets</b>	<b>\$ 1,302,528</b>	<b>\$ 584,637</b>	<b>\$ 1,887,165</b>	<b>\$ 74,443</b>

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, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 70,517	\$ 21,938	\$ 3,490	\$ 27,676
Public safety	134,767	17,429	7,673	-
Public works	67,135	1,322	1,490	7,391
Public health	3,003	2,980	429	-
Parks and recreation	28,020	8,879	4	37,448
Public welfare	12,251	204	10,041	-
Convention and event services	6,321	2,788	-	-
Interest and fiscal charges	29,444	-	-	-
<b>Total Governmental Activities</b>	<b>351,458</b>	<b>55,540</b>	<b>23,127</b>	<b>72,515</b>
<b>Business-Type Activities:</b>				
Water and sewer	75,602	107,800	-	1,388
Storm water utility	4,017	8,702	-	-
<b>Total Business-Type Activities</b>	<b>79,619</b>	<b>116,502</b>	<b>-</b>	<b>1,388</b>
<b>Total Primary Government</b>	<b>\$ 431,077</b>	<b>\$ 172,042</b>	<b>\$ 23,127</b>	<b>\$ 73,903</b>
<b>Component Units:</b>				
Arlington Sports Facilities Development Authority, Inc.	\$ 30,810	\$ 534	\$ -	\$ -
Arlington Housing Authority	27,258	-	27,295	-
Arlington Convention and Visitors Bureau	3,719	3,719	-	-
Arlington Tomorrow Foundation	1,550	-	-	-
Arlington Housing Finance Corporation	121	-	78	-
<b>Total Component Units</b>	<b>\$ 63,458</b>	<b>\$ 4,253</b>	<b>\$ 27,373</b>	<b>\$ -</b>

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

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (17,413)	\$ -	\$ (17,413)	\$ -
(109,665)	-	(109,665)	-
(56,932)	-	(56,932)	-
406	-	406	-
18,311	-	18,311	-
(2,006)	-	(2,006)	-
(3,533)	-	(3,533)	-
(29,444)	-	(29,444)	-
<u>(200,276)</u>	<u>-</u>	<u>(200,276)</u>	<u>-</u>
-	33,586	33,586	-
-	4,685	4,685	-
-	38,271	38,271	-
<u>\$ (200,276)</u>	<u>\$ 38,271</u>	<u>\$ (162,005)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (30,276)
-	-	-	37
-	-	-	-
-	-	-	(1,550)
-	-	-	(43)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (31,832)</u>
115,684	-	115,684	-
81,517	-	81,517	-
402	-	402	-
1,392	-	1,392	-
124	-	124	-
4,169	-	4,169	-
6,706	-	6,706	-
25,769	-	25,769	-
4,577	895	5,472	2,939
1,709	(41)	1,668	3,595
8,847	-	8,847	12,111
13,693	(13,693)	-	-
<u>264,589</u>	<u>(12,839)</u>	<u>251,750</u>	<u>18,645</u>
64,313	25,432	89,745	(13,187)
1,238,215	559,205	1,797,420	87,630
<u>\$ 1,302,528</u>	<u>\$ 584,637</u>	<u>\$ 1,887,165</u>	<u>\$ 74,443</u>

**CITY OF ARLINGTON, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>General</u>	<u>Debt Service</u>	<u>Stadium Venue</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 60,653	\$ 53,954	\$ -
Closure/Post-closure restricted cash	6,738	-	-
Receivables (net of allowance for uncollectibles)			
Taxes	2,768	444	-
Sales taxes	8,224	4,131	-
Franchise fees	6,480	-	-
Special assessments	-	-	-
Accrued interest	1,321	457	-
Lease and settlement agreements	26,805	-	-
Other	3,099	-	-
Due from other funds	5,191	-	-
Due from other governments	-	-	-
Inventory of supplies, at cost	1,163	-	-
Prepaid expenditures	-	-	-
<b>Total Assets</b>	<u>\$ 122,442</u>	<u>\$ 58,986</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 11,156	\$ 290	\$ -
Retainage payable	1	-	-
Due to other funds	-	-	-
Deferred revenue-			
Taxes	2,482	-	-
Closure/Post-closure trust fund	6,738	-	-
Landfill	6,630	-	-
Gas lease	-	-	-
Lease and settlement agreements	26,805	-	-
Other	2,063	-	-
Commercial paper	-	-	-
<b>Total Liabilities</b>	<u>55,875</u>	<u>290</u>	<u>-</u>
<b>Fund Balances:</b>			
Reserved for encumbrances	4,316	-	-
Reserved for debt service	-	58,696	-
Reserved for inventory	1,163	-	-
Reserved for capital projects	-	-	-
Reserved for street maintenance	-	-	-
Reserved for utility rate case	500	-	-
Reserved for court technology	-	-	-
Reserved for court security	-	-	-
Reserved for juvenile case manager	-	-	-
Unreserved-			
General fund			
Designated for working capital	16,218	-	-
Designated for subsequent years' expenditures	5,839	-	-
Designated for arbitrage	75	-	-
Designated for compensated absences	1,312	-	-
Designated for other post employment benefits	1,718	-	-
Designated for future initiatives	21,487	-	-
Designated for dispatch	422	-	-
Designated for group health	3,001	-	-
Designated for business continuity	6,889	-	-
Undesignated	3,627	-	-
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 land	-	-	-
Designated for reimbursement	-	-	-
Undesignated	-	-	-
<b>Total Fund Balances</b>	<u>66,567</u>	<u>58,696</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 122,442</u>	<u>\$ 58,986</u>	<u>\$ -</u>

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

Street Capital Projects	Other Nonmajor Funds	Total Governmental Funds
\$ 57,908	\$ 90,641	\$ 263,156
-	-	6,738
-	1,393	4,605
-	2,065	14,420
-	-	6,480
192	-	192
-	-	1,778
-	-	26,805
-	2,207	5,306
-	-	5,191
-	6,811	6,811
-	230	1,393
-	39	39
<u>\$ 58,100</u>	<u>\$ 103,386</u>	<u>\$ 342,914</u>

\$ 1,130	\$ 5,213	\$ 17,789
634	978	1,613
-	5,191	5,191
-	-	2,482
-	-	6,738
-	-	6,630
-	337	337
-	-	26,805
192	2,405	4,660
12,700	4,500	17,200
<u>14,656</u>	<u>18,624</u>	<u>89,445</u>

8,822	28,109	41,247
-	-	58,696
-	230	1,393
34,622	31,555	66,177
-	3,841	3,841
-	-	500
-	391	391
-	55	55
-	311	311
-	-	16,218
-	-	5,839
-	-	75
-	-	1,312
-	-	1,718
-	-	21,487
-	-	422
-	-	3,001
-	-	6,889
-	-	3,627
-	2,045	2,045
-	200	200
-	486	486
-	301	301
-	1,775	1,775
-	489	489
-	7,510	7,510
-	7,464	7,464
<u>43,444</u>	<u>84,762</u>	<u>253,469</u>
<u>\$ 58,100</u>	<u>\$ 103,386</u>	<u>\$ 342,914</u>

**CITY OF ARLINGTON, TEXAS  
RECONCILIATION OF THE STATEMENT OF NET ASSETS  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
AS OF SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

**Total fund balance per balance sheet** \$ 253,469

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 \$11,541 recorded in the internal service funds). 1,668,165

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

	Deferred & Unearned	Unearned	
Taxes	\$ 2,482	\$ -	
Closure/Post-closure	6,738	-	
Landfill	6,630	6,630	
Gas lease	337	337	
Grant revenue	1,878	2,607	
Ballpark lease	16,563	-	
Settlement	10,242	-	
Other	<u>2,782</u>	-	
	47,652	<u>9,574</u>	38,078

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. 27,407

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 \$9,972 recorded in the internal service funds).

Bonds payable		\$(622,440)	
Less: Deferred charge for issuance costs (to be amortized as interest expense)		6,850	
Premium general obligation debt		(11,062)	
Discount on bonds		3,699	
Deferred loss refunding		4,805	
Accrued interest payable		(1,976)	
Current year accrued interest payable		283	
Arbitrage rebate		(75)	
Sales tax payable		(502)	
Landfill closure		(6,738)	
Compensated absences		(26,157)	
Net other post-employment benefit obligation		(17,056)	
Net other post-employment asset		192	
TMRS net pension obligation		(14,266)	
Capital leases		<u>(148)</u>	(684,591)

**Net assets of governmental activities** \$ 1,302,528

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, 2010**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>General</u>	<u>Debt Service</u>	<u>Stadium Venue</u>	<u>Streets Capital Projects</u>
<b>REVENUES</b>				
Taxes	\$ 127,350	\$ 62,194	\$ -	\$ -
Licenses and permits	6,801	-	-	-
Utility franchise fees	25,769	-	-	-
Fines and forfeitures	13,861	-	-	-
Leases, rents and concessions	9,117	2,000	-	-
Service charges	5,091	-	-	-
Interest revenue	956	1,374	-	583
Net increase (decrease) in fair value of investments	(147)	2,031	-	10
Contributions	-	-	37,323	5,043
Intergovernmental revenues	-	-	3,028	-
Gas lease royalty	-	-	-	-
Gas lease other	-	-	-	-
Other	1,246	142	-	64
<b>Total Revenues</b>	<u>190,044</u>	<u>67,741</u>	<u>40,351</u>	<u>5,700</u>
<b>EXPENDITURES</b>				
Current-				
General government	33,146	-	-	-
Public safety	118,088	-	-	-
Public works	20,495	-	-	-
Public health	1,728	-	-	-
Public welfare	-	-	-	-
Parks and recreation	13,378	-	-	-
Convention and event services	-	-	-	-
Capital outlay	-	-	40,754	15,011
Debt service-				
Principal retirement	-	30,975	-	-
Interest and fiscal charges	-	29,232	-	120
<b>Total Expenditures</b>	<u>186,835</u>	<u>60,207</u>	<u>40,754</u>	<u>15,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,209</u>	<u>7,534</u>	<u>(403)</u>	<u>(9,431)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from bond sale	-	-	-	34,751
Proceeds from refunding bond issue	-	11,220	-	4,300
Amount used for refunding bond refunding escrow	-	(12,913)	-	-
Bond premium	-	1,495	-	966
Proceeds from Certificates of Obligation	-	-	-	-
Transfers in	18,992	2,926	251	309
Transfers out	(13,915)	(251)	-	-
<b>Total Other Financing Sources and Uses</b>	<u>5,077</u>	<u>2,477</u>	<u>251</u>	<u>40,326</u>
<b>Net Change in Fund Balances</b>	8,286	10,011	(152)	30,895
<b>Fund Balances, October 1,</b>	<u>58,281</u>	<u>48,685</u>	<u>152</u>	<u>12,549</u>
<b>Fund Balances, September 30</b>	<u>\$ 66,567</u>	<u>\$ 58,696</u>	<u>\$ -</u>	<u>\$ 43,444</u>

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

<b>Other Nonmajor Funds</b>	<b>Total Governmental Funds</b>
\$ 21,223	\$ 210,767
-	6,801
-	25,769
-	13,861
-	11,117
12,972	18,063
1,112	4,025
(179)	1,715
2,473	44,839
23,773	26,801
5,421	5,421
550	550
5,677	7,129
<u>73,022</u>	<u>376,858</u>
2,453	35,599
8,846	126,934
14,998	35,493
1,042	2,770
10,969	10,969
10,288	23,666
6,321	6,321
23,600	79,365
-	30,975
-	29,352
<u>78,517</u>	<u>381,444</u>
<u>(5,495)</u>	<u>(4,586)</u>
13,124	47,875
500	16,020
-	(12,913)
409	2,870
14,685	14,685
11,437	33,915
<u>(9,496)</u>	<u>(23,662)</u>
<u>30,659</u>	<u>78,790</u>
25,164	74,204
59,598	179,265
<u>\$ 84,762</u>	<u>\$ 253,469</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, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

**Net change in fund balance - total governmental funds** **\$ 74,204**

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. 101,356

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. (58,889)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (3,655)

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	(1,977)	
Repayment of general obligation debt	30,975	
Proceeds from issuance of bonds	(65,970)	
Repayment of capital lease	176	
Amortization of deferred loss on bond refunding	(717)	
Amortization of bond premium	993	
	993	(36,520)

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

Compensated absences	2,273	
Arbitrage	118	
Accrued interest expense	38	
Post-employment benefit obligation expense	(5,728)	
Post-employment benefit asset	83	
TMRS net pension obligation	(6,978)	
Amortization of issuance cost	(342)	
Sales tax	155	
	155	(10,381)

Internal service funds are used by management to charge the costs of fleet management and management information systems, property liability loss, health claims and offices services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities. (1,802)

**Change in net assets of governmental activities** **\$ 64,313**

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

**CITY OF ARLINGTON, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Non-Major Fund Storm Water Utility	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 12,452	\$ 10,705	\$ 23,157	\$ 21,076
Investments	-	-	-	4,065
Receivables (net of allowances for uncollectibles):				
Trade accounts	8,427	673	9,100	213
Unbilled trade accounts	7,412	534	7,946	-
Accrued interest	-	-	-	13
Other	36	-	36	-
Inventory of supplies, at cost	420	-	420	72
Subtotal	<u>28,747</u>	<u>11,912</u>	<u>40,659</u>	<u>25,439</u>
Restricted Assets:				
Bond contingency-cash and cash equivalents	8,353	-	8,353	-
Capital construction-cash and cash equivalents	17,209	-	17,209	-
<b>Total Current Assets</b>	<u>54,309</u>	<u>11,912</u>	<u>66,221</u>	<u>25,439</u>
<b>Non-Current Assets:</b>				
Restricted Assets:				
Bond contingency-				
Investments	3,115	-	3,115	-
Accrued interest	29	-	29	-
Capital construction-				
Investments	28,841	-	28,841	-
Assessments receivable	4	-	4	-
Meter deposit investments	4,853	-	4,853	-
Capital Assets:				
Land	6,696	-	6,696	-
Buildings and improvements	2,833	-	2,833	467
Water and sewer system	681,348	-	681,348	-
Machinery and equipment	11,219	-	11,219	40,316
Drainage system	-	79,845	79,845	-
Construction-in-progress	70,925	2,578	73,503	-
Accumulated depreciation	(219,635)	(28,286)	(247,921)	(29,242)
Total Capital Assets Net of Accumulated Depreciation	<u>553,386</u>	<u>54,137</u>	<u>607,523</u>	<u>11,541</u>
<b>Total Noncurrent Assets</b>	<u>590,228</u>	<u>54,137</u>	<u>644,365</u>	<u>11,541</u>
<b>Total Assets</b>	<u>\$ 644,537</u>	<u>\$ 66,049</u>	<u>\$ 710,586</u>	<u>\$ 36,980</u>

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, 2010  
(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	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 3,387	\$ 116	\$ 3,503	\$ 517
Accrued compensated absences	105	-	105	8
Revenue bonds payable from unrestricted assets	6,861	-	6,861	-
Capital lease obligation	-	-	-	191
<b>Current Liabilities Payable From Restricted Assets:</b>				
Accounts payable and accrued liabilities	1,092	-	1,092	-
Retainage	2,217	10	2,227	-
Accrued interest	1,327	-	1,327	-
Estimated claims payable	-	-	-	5,216
Revenue bonds payable	3,138	-	3,138	-
Meter deposits	4,854	-	4,854	-
<b>Total Current Liabilities</b>	<b>22,981</b>	<b>126</b>	<b>23,107</b>	<b>5,932</b>
<b>Noncurrent Liabilities:</b>				
Estimated claims payable	-	-	-	4,269
Compensated absences	1,638	168	1,806	288
Revenue bonds payable from unrestricted assets	100,120	-	100,120	-
<b>Total Noncurrent Liabilities</b>	<b>101,758</b>	<b>168</b>	<b>101,926</b>	<b>4,557</b>
<b>Total Liabilities</b>	<b>124,739</b>	<b>294</b>	<b>125,033</b>	<b>10,489</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	487,100	54,127	541,227	11,350
Restricted for debt service	10,140	-	10,140	-
Unrestricted	22,558	11,628	34,186	15,141
<b>Total Net Assets</b>	<b>\$ 519,798</b>	<b>\$ 65,755</b>	<b>\$ 585,553</b>	<b>\$ 26,491</b>
Reconciliation to government-wide statements of net assets:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(916)	
Net assets of business-type activities			<u>\$ 584,637</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, 2010**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Non-Major Fund Storm Water Utility</b>	<b>Total</b>	
<b>Operating Revenues:</b>				
Water sales	\$ 57,459	\$ -	\$ 57,459	\$ -
Sewer service	44,890	-	44,890	-
Storm water fee - commercial	-	3,976	3,976	-
Storm water fee - residential	-	4,726	4,726	-
Service charges	-	-	-	30,866
Sundry	5,451	-	5,451	198
<b>Total Operating Revenues</b>	<u>107,800</u>	<u>8,702</u>	<u>116,502</u>	<u>31,064</u>
<b>Operating Expenses:</b>				
Purchase of water	13,676	-	13,676	-
Purchase of sewage treatment	20,873	-	20,873	-
Salaries and wages	11,286	1,190	12,476	2,177
Employees' retirement	1,799	193	1,992	355
Supplies	2,955	41	2,996	3,484
Maintenance and repairs	2,780	172	2,952	2,790
Utilities	3,162	4	3,166	458
Claims (net of adjustments)	-	-	-	19,420
Legal and professional	-	-	-	1,178
Depreciation	13,129	1,659	14,788	3,898
Miscellaneous services	4,199	758	4,957	3,445
<b>Total Operating Expenses</b>	<u>73,859</u>	<u>4,017</u>	<u>77,876</u>	<u>37,205</u>
<b>Operating Income (Loss)</b>	<u>33,941</u>	<u>4,685</u>	<u>38,626</u>	<u>(6,141)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	791	104	895	220
Net increase (decrease) in the fair value of investments	(44)	3	(41)	(6)
Gain on sale of assets	-	-	-	138
Interest expense and fiscal charges	(1,170)	-	(1,170)	(26)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(423)</u>	<u>107</u>	<u>(316)</u>	<u>326</u>
Income (loss) before transfers and contributions	33,518	4,792	38,310	(5,815)
Contributions in aid of construction	1,388	-	1,388	-
Transfers in	-	-	-	4,440
Transfers out	(13,173)	(520)	(13,693)	(1,000)
<b>Change in Net Assets</b>	<u>21,733</u>	<u>4,272</u>	<u>26,005</u>	<u>(2,375)</u>
<b>Total Net Assets, October 1</b>	<u>498,065</u>	<u>61,483</u>	<u>559,548</u>	<u>28,866</u>
<b>Total Net Assets, September 30</b>	<u>\$ 519,798</u>	<u>\$ 65,755</u>	<u>\$ 585,553</u>	<u>\$ 26,491</u>
Net change in net assets - total proprietary funds			\$ 26,005	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(573)	
Change in net assets of business-type activities			<u>\$ 25,432</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, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Non-Major Fund Storm Water Utility	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 106,094	\$ 8,438	\$ 114,532	\$ 30,998
Cash payments to suppliers	(48,454)	(933)	(49,387)	(30,835)
Cash payments to employees	(13,128)	(1,384)	(14,512)	(2,505)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>44,512</b>	<b>6,121</b>	<b>50,633</b>	<b>(2,342)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	-	-	4,440
Transfers out	(13,173)	(520)	(13,693)	(1,000)
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>(13,173)</b>	<b>(520)</b>	<b>(13,693)</b>	<b>3,440</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(28,995)	(1,514)	(30,509)	(2,165)
Principal payments on capital lease	-	-	-	(236)
Interest payments on capital lease	-	-	-	(26)
Proceeds from sales of capital assets	-	-	-	186
Proceeds from issuance of long-term debt	31,215	-	31,215	-
Repayment of long-term debt	(21,503)	-	(21,503)	-
Interest payment long-term debt	(4,254)	-	(4,254)	-
<b>Net Cash Used For Capital And Related Financing Activities</b>	<b>(23,537)</b>	<b>(1,514)</b>	<b>(25,051)</b>	<b>(2,241)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from interest earnings	916	104	1,020	231
Net increase (decrease) in the fair value of investments	(44)	3	(41)	(6)
Purchase of investments	(41,053)	-	(41,053)	(4,000)
Maturities/sales of investments	31,178	-	31,178	3,034
<b>Net Cash Provided By (Used For) Investing Activities</b>	<b>(9,003)</b>	<b>107</b>	<b>(8,896)</b>	<b>(741)</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(1,201)</b>	<b>4,194</b>	<b>2,993</b>	<b>(1,884)</b>
<b>Cash And Cash Equivalents, October 1</b>	<b>39,215</b>	<b>6,511</b>	<b>45,726</b>	<b>22,960</b>
<b>Cash And Cash Equivalents, September 30</b>	<b>\$ 38,014</b>	<b>\$ 10,705</b>	<b>\$ 48,719</b>	<b>\$ 21,076</b>
<b>Reconciliation of operating income to net cash provided by (used for ) operating activities:</b>				
Operating income (Loss)	\$ 33,941	\$ 4,685	\$ 38,626	\$ (6,141)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	13,129	1,659	14,788	3,898
Interest earnings capitalized	(98)	-	(98)	-
Interest expense capitalized	2,832	-	2,832	-
Amortization of bond premium	262	-	262	-
Amortization of deferred loss on bond refunding	(164)	-	(164)	-
Provision for bad debts	(231)	10	(221)	-
(Increase) decrease in-				
Receivables	(1,243)	(264)	(1,507)	(66)
Inventory of supplies	40	-	40	11
Prepaid expenses	-	-	-	154
Increase (decrease) in-				
Accounts payable and accrued liabilities	(3,808)	32	(3,776)	27
Estimated claims payable	-	-	-	(263)
Retainage payable	(12)	-	(12)	-
Meter deposits	(34)	-	(34)	-
Accrued compensated absences	(102)	(1)	(103)	38
Total adjustments	10,571	1,436	12,007	3,799
<b>Net Cash Provided By Operating Activities</b>	<b>44,512</b>	<b>6,121</b>	<b>50,633</b>	<b>(2,342)</b>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets from developers	1,388	-	1,388	-

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, 2010**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 7,122
Investments		
Money market fund	27,312	-
Corporate bonds	1,559	-
Fixed income mutual bond funds	11,756	-
Common stock mutual bond funds	48,674	153
Balanced mutual funds	13,343	-
Participant borrowing	5,041	-
Self directed brokerage accounts	2,506	-
Total Investments	<u>110,191</u>	<u>153</u>
<b>Total Assets</b>	<u>110,191</u>	<u>\$ 7,275</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	-	\$ 7,122
IRC 401 deferred compensation plans	-	153
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 7,275</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 110,191</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, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Employer contributions	\$ 2,945
Employee contributions	6,027
Net appreciation in fair value of investments	10,598
<b>Total Additions</b>	<u>19,570</u>
<b>DEDUCTIONS</b>	
Benefits	8,939
Plan administration	69
<b>Total Deductions</b>	<u>9,008</u>
<b>Increase in Net Assets</b>	10,562
<b>Net Assets, October 1</b>	99,629
<b>Net Assets, September 30</b>	<u>\$ 110,191</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, 2010**

**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 GASB 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. In 2010 the City dissolved the ASFDA and all assets became assets of the City.

Arlington Housing Authority

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

Arlington Convention and Visitors Bureau, Inc.

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

Arlington Tomorrow Foundation

The Arlington Tomorrow Foundation (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. The enterprise funds are made up of the Water and Stormwater Drainage funds. 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 taxes and other revenue to be available if they are collected within 60 days of the end of the current fiscal period, while grants typically are received within 90 days. Expenditures are recorded when a liability is incurred, as under accrual accounting, except debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, which are recorded only when the liability has matured and payment is due.

Ad valorem, franchise and sales tax revenues in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. The City has agreements with various entities in which a portion of the sales tax is rebated. The sales tax revenue is reported net of the rebate. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered 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, including capital project and special revenue funds. It should be noted that in fiscal year 2010, the City reclassified the minor Infrastructure Maintenance Reserve Fund from a special revenue fund to a capital projects fund.

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, as well as billing and collection activities. The Fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for revenue bonds and obligations under capital leases when due throughout the year. All costs are financed through charges made to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the Fund. The City's solid waste function is contracted out. The billings for this function are done by the City as a conduit for the contractor. The fee for this service is accounted for in the Water 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.

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 2010, approximately \$2,733,000 of interest costs, net of \$98,000 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 2010 for the Water and Sewer Fund amounted to approximately \$1,170,000 and \$791,000, 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). The full amount of accumulated sick pay up to 120 days maximum is paid if termination is through retirement or death.

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is 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 2010, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

Statement No. 51, *Accounting and Financial Reporting for Intangible Asset*. 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. This pronouncement had no impact on current financial statements.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. 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. This pronouncement had no significant impact on current financial statements.

Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. 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. 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. 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. 59, *Financial Instruments Omnibus*, which is effective for the City beginning in fiscal year 2011. This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools.

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is effective for the City beginning in fiscal year 2013. This Statement addresses how to account for and report service concession arrangements (SCAs) by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators.

Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, which is effective for the City beginning in fiscal year 2013. This Statement improves financial reporting for a governmental financial reporting entity by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of the entity.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for the City beginning in fiscal year 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

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 2010, there were budget amendments in the Arlington Tomorrow Aviation Gas Fund in the amount of \$100,000 by appropriating interest earned on the gas lease corpus for the purpose of funding the construction costs for the Airport Terminal Building. The Street Maintenance Fund was increased by \$2,000,000 by appropriating additional amounts available from the fund's FY09 year-end balance, to cover increased funding for street repairs and maintenance. The authorized appropriation in the Fleet Services Funds was increased by \$1,000,000 by recognizing

available fund balances from prior years' savings to fund additional fleet vehicle replacements, in order to avoid potential cost increases in the maintenance contract due to mileage and age of existing vehicles.

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

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, 2010, the Stormwater Utility fund, supplies expenses exceeded budget by \$64,000. The overexpenditures were funded by a reduction in other expenditure categories.

## **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. Within the other special revenue and other capital project funds are expenditure driven funds with end of year deficit fund balances. Their respective deficits are:

North Texas Council of Governments-\$1,347,000

Disaster Assistance-\$4,000

These fund balances will all be replenished in 2011 from reimbursements funded by Federal and State Grants.

In addition, the Police capital projects fund has a deficit balance of \$105,000. This deficit 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, 2010, the carrying amount of the City's demand deposits was \$34,856,000 (bank balance, \$39,368,000). The \$34,856,000 balance consisted of a \$34,490,000 balance in City Funds and a \$366,000 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 \$6,738,000. 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, 2010, the City had the following cash, cash equivalents and investments (amounts in thousands):

<u>City Funds</u>	<u>Fair Value</u>	<u>Weighted average Maturity (in days)</u>
Demand Deposits	\$34,490	n/a
Cash on Hand	70	n/a
Other Cash in Bank	(55)	n/a
General Operating/Internal Pool	280,594	529
Dallas Cowboy Complex Development Project	72	1
Debt Service and Working Capital Reserve Dallas Cowboy Complex Development Project Debt Service Reserve	6,604	947
Closure/Post-closure trust fund	47,985	1,232
Self-Insurance	6,738	1
	4,065	934
<b>Total City</b>	<b>\$380,563</b>	
<u>Fiduciary Funds</u>	<u>Fair Value</u>	<u>Weighted average Maturity (in days)</u>
Agency Funds-Internal Pool	\$7,137	529
Agency Funds- Cash in Bank	(15)	n/a
Agency Funds- Mutual Funds	153	n/a
Pension Trust Funds – Money Market Fund	27,312	n/a
Pension Trust Funds – Corporate Bonds	1,559	n/a
Pension Trust Funds- Mutual Funds	81,320	n/a
<b>Total Fiduciary Funds</b>	<b>\$117,466</b>	
<u>Component Units</u>	<u>Fair Value</u>	<u>Weighted average Maturity (in days)</u>
Demand Deposits	\$366	n/a
Cash in Bank	4,619	n/a
ATF – Internal Pool	11,621	2,155
ATF – Investments	56,966	529
AHA – Bank Cert. of Deposit	3,013	295
<b>Total Component Units</b>	<b>\$76,585</b>	
<b>Total Entity – Cash, Cash Equivalents and Investments</b>	<b>\$574,614</b>	

*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"):

<b>Fund</b>	<b>Maximum Maturity</b>	<b>Maximum WAM</b>
General Operating	3 Years	18 Months
Capital Project	3 Years	18 Months
Working Capital Reserve	5 Years	4 Years
Dallas Cowboy Complex Development Debt Service Reserve	7 Years	7 Years
Debt Service Sinking & Debt Service	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, 2010 the City's overall portfolio consisted of:

<u>City Funds</u>	<u>Fair Value</u>	<u>Component Units</u>	<u>Fair Value</u>
Demand Deposits	<b>\$34,490</b>	Demand Deposits	<b>\$366</b>
Cash on Hand	<b>70</b>	Cash in Bank	<b>4,619</b>
Cash in Bank	<b>(55)</b>	ATF - Federal Home Loan Bank	<b>31,162</b>
Federal Home Loan Bank Bonds	<b>83,732</b>	ATF - Federal Home Loan Mortgage Corp.	<b>2,648</b>
Federal Home Loan Mortgage Corp. Bonds	<b>66,938</b>	ATF - Federal National Mortgage Association	<b>4,354</b>
Federal National Mortgage Association Bonds	<b>109,124</b>	ATF - Farmer Mac	<b>5,975</b>
Federal Farm Credit Bonds	<b>32,629</b>	ATF - Federal Farm Credit	<b>23,498</b>
Farmer Mac	<b>8,751</b>	ATF - TexPool	<b>280</b>
Wells Fargo Money Market	<b>21,075</b>	ATF - TexasDaily	<b>5</b>
TexPool	<b>7,018</b>	ATF - TexStar	<b>4</b>
TexasDaily	<b>123</b>	AHA – Bank Cert. of Deposit	<b>3,013</b>
TexStar	<b>96</b>	Bank of Texas Cert. of Deposit	<b>94</b>
Bank of Texas Cert. of Deposit	<b>2,349</b>	CitiCorp	<b>567</b>
CitiCorp	<b>14,223</b>	<b>Total Component Units</b>	<b>\$76,585</b>
<b>Total City</b>	<b>\$380,563</b>		
<b><u>Fiduciary Funds</u></b>	<b><u>Fair Value</u></b>	<b>Total Entity – Cash, Cash Equivalents and Investments</b>	<b><u>\$574,614</u></b>
Agency Funds - Cash in Bank	<b>\$(15)</b>		
Agency Funds - Mutual Funds	<b>153</b>		
Agency Funds - Federal Home Loan Bank	<b>1,460</b>		
Agency Funds - Federal Home Loan Mortgage Corp.	<b>1,626</b>		
Agency Funds - Federal National Mortgage Association	<b>2,674</b>		
Agency Funds – Federal Farm Credit	<b>579</b>		
Agency Funds – Farmer Mac	<b>214</b>		
Agency Funds - TexPool	<b>172</b>		
Agency Funds - TexasDaily	<b>3</b>		
Agency Funds - TexStar	<b>2</b>		
Pension Trust Funds - Money Market Fund	<b>27,312</b>		
Pension Trust Funds - Corporate Bonds	<b>1,559</b>		
Pension Trust Funds - Mutual Funds	<b>81,320</b>		
Bank of Texas Cert. of Deposit	<b>58</b>		
Compass Bank Cert. of Deposit	<b>349</b>		
<b>Total Fiduciary Funds</b>	<b>\$117,466</b>		

*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. A \$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, 2010, the City's investment in TexPool was \$7,470,000 with a market value of \$7,470,000. The City's investment in TexasDaily was \$131,000 with a market value of \$131,000 and the City's investment in TexStar was \$102,000 with a market value of \$102,000.

## **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. Penalties and interest are charged at 7 percent on delinquent taxes beginning February 1 and increase each month to 18 percent on July 1.

Appraised values are established by the Tarrant Appraisal District at 100 percent of estimated market value and certified by the Appraisal Review Board. The assessed value for the tax roll of January 1, 2009, upon which the original FY10 levy was based, was \$18,251,104,674.

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, 2010, the City had a tax rate of \$0.6480 (\$0.4330 for general government and \$0.2150 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 \$338,010,459 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately \$18,251,104,674.

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 \$1,109,775,000 with an accumulated depreciation of \$22,286,324.

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.

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, 2010, outstanding conduit debt was \$143,355,000.

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, 2010 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):

	General	Debt Service	Storm Water Utility	Water & Sewer	Street Capital Projects	Other Nonmajor Governmental Funds	Internal Service Funds	Total
Receivables:								
Taxes	\$ 8,441	\$ 444	\$ -	\$ -	\$ -	\$ 1,393	\$ -	\$ 10,278
Franchise Fees	6,480	-	-	-	-	-	-	6,480
Trade Accounts	-	-	723	10,808	-	-	213	11,744
Unbilled Trade Accounts	-	-	534	7,721	-	-	-	8,255
Special Assessments	-	-	-	-	192	-	-	192
Sales Taxes	8,224	4,131	-	-	-	2,065	-	14,420
Lease and settlement agreements	26,805	-	-	-	-	-	-	26,805
Accrued Interest	1,321	457	-	-	-	-	13	1,791
Other	3,099	-	-	36	-	2,207	-	5,342
Gross Receivables	54,370	5,032	1,257	18,565	192	5,665	226	85,307
Less: Allowance for Uncollectibles	(5,673)	-	(50)	(2,690)	-	-	-	(8,413)
Net total Receivables	\$ 48,697	\$ 5,032	\$ 1,207	\$ 15,875	\$ 192	\$ 5,665	\$ 226	\$ 76,894

## 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2010 was as follows:

(Amounts expressed in thousands)

	Balance at Beginning <u>Of Year</u>		<u>Additions</u>	<u>Retirements</u>	Balance at End <u>Of Year</u>	
<b>Governmental activities:</b>						
Capital assets, not being depreciated:						
Land	\$	204,698	\$ 3,709	\$ -	\$	208,407
Construction in progress-other		128,913	39,958	(43,002)		125,869
Construction in progress-stadium		-	40,754	(40,754)		-
Total capital assets, not being depreciated		<u>333,611</u>	<u>84,421</u>	<u>(83,756)</u>		<u>334,276</u>
Capital assets, being depreciated:						
Buildings and Improvements		1,195,432	51,271	(2,141)		1,244,562
Equipment		73,469	5,423	(1,351)		77,541
Infrastructure		738,414	20,517	-		758,931
Total capital assets, being depreciated		<u>2,007,315</u>	<u>77,211</u>	<u>(3,492)</u>		<u>2,081,034</u>
Less accumulated depreciation for:						
Buildings and Improvements		95,813	28,930	(1,208)		123,535
Equipment		50,246	9,458	(1,302)		58,402
Infrastructure		529,214	24,453	-		553,667
Total accumulated depreciation		<u>675,273</u>	<u>62,841</u>	<u>(2,510)</u>		<u>735,604</u>
Total capital assets, being depreciated, net		<u>1,332,042</u>	<u>14,370</u>	<u>(982)</u>		<u>1,345,430</u>
Governmental activities capital assets, net	\$	<u>1,665,653</u>	\$ <u>98,791</u>	\$ <u>(84,738)</u>	\$	<u>1,679,706</u>
<b>Business-type activities:</b>						
Capital assets, not being depreciated:						
Land	\$	6,695	\$ 1	\$ -	\$	6,696
Construction in progress		91,694	30,344	(48,535)		73,503
Total capital assets, not being depreciated		<u>98,389</u>	<u>30,345</u>	<u>(48,535)</u>		<u>80,199</u>
Capital assets, being depreciated:						
Buildings and improvements		2,833	-	-		2,833
Drainage System		77,221	2,624	-		79,845
Water and sewer system		633,984	47,364	-		681,348
Machinery and equipment		11,121	98	-		11,219
Total capital assets, being depreciated		<u>725,159</u>	<u>50,086</u>	<u>-</u>		<u>775,245</u>
Less accumulated depreciation for:						
Buildings and improvements		1,127	57	-		1,184
Drainage System		26,628	1,659	-		28,287
Water and sewer system		195,380	12,888	-		208,268
Machinery and equipment		9,999	184	-		10,183
Total accumulated depreciation		<u>233,134</u>	<u>14,788</u>	<u>-</u>		<u>247,922</u>
Total capital assets, being depreciated, net		<u>492,025</u>	<u>35,298</u>	<u>-</u>		<u>527,323</u>
Business-type activities capital assets, net	\$	<u>590,414</u>	\$ <u>65,643</u>	\$ <u>(48,535)</u>	\$	<u>607,522</u>

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

Governmental activities:	
General Government	\$ 26,273
Public Safety	3,141
Parks and recreation	4,089
Public works	25,441
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,897</u>
Total depreciation expense – governmental activities	<u>\$62,841</u>
Business-type activities:	
Storm Water Utility	1,659
Water and sewer	<u>\$ 13,129</u>
Total depreciation expense – business-type activities	<u>\$ 14,788</u>

Discretely presented component units:

	(Amounts expressed in thousands)			
	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
<b>Arlington Sports Facilities Development Authority, Inc.:</b>				
Capital assets, being depreciated:				
Buildings and improvements	<u>\$2,739</u>	\$ -	\$ (2,739)	\$-
Total capital assets, being depreciated	<u>2,739</u>	-	<u>(2,739)</u>	-
Less accumulated depreciation for:				
Buildings and improvements	<u>1,698</u>	109	<u>(1,807)</u>	-
Total accumulated depreciation	<u>1,698</u>	<u>109</u>	<u>(1,807)</u>	-
Arlington Sports Facility Development Authority, Inc. capital assets, net	<u>\$1,041</u>	(\$109)	\$ (932)	\$-
	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
<b>Arlington Housing Authority, Inc.:</b>				
Capital assets, being depreciated:				
Buildings and improvements	563	-	-	563
Machinery and equipment	<u>\$ 262</u>	\$ 104	<u>\$ (12)</u>	<u>\$354</u>
Total capital assets, being depreciated	<u>825</u>	<u>104</u>	<u>(12)</u>	<u>917</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>356</u>	<u>64</u>	<u>(12)</u>	<u>408</u>
Total accumulated depreciation	<u>356</u>	<u>64</u>	<u>-</u>	<u>408</u>
Arlington Housing Authority, Inc. capital assets, net	<u>\$ 469</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$509</u>

	Balance at Beginning Of Year	Transfers And Additions	Transfers And Retirements	Balance at End Of Year
<b>Arlington Convention and Visitors Bureau, Inc.:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$691	\$ 25	\$ (57)	\$659
Total capital assets, being depreciated	<u>691</u>	<u>25</u>	<u>(57)</u>	<u>659</u>
Less accumulated depreciation for:				
Machinery and equipment	492	83	(57)	518
Total accumulated depreciation	<u>492</u>	<u>83</u>	<u>(57)</u>	<u>518</u>
Arlington Convention and Visitors Bureau, Inc. capital assets, net	<u>\$199</u>	<u>\$(58)</u>	<u>\$ -</u>	<u>\$141</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 837 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, 2009 valuations are contained in the 2009 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](http://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 15.51% of covered payroll for the months in calendar year 2009, and 16.76% for the months in calendar year 2010. 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, 2008 valuation is effective of rates beginning January 1, 2010). If a change in plan provisions is elected by the City, this rate can change.

Annual Pension Cost and Net Pension Obligation:

The City's annual pension cost of \$30,917,593 was \$6,978,378 higher than the City's contributions.

Annual required contribution (ARC)	\$ 30,852,449
Interest	510,144
Adjustment to the ARC	<u>(445,000)</u>
Annual pension cost (expense)	30,917,593
Contributions made	<u>23,939,215</u>
Increase (Decrease) in net pension obligation	6,978,378
Net pension obligation beginning of year	<u>7,287,773</u>
Net pension obligation end of year	<u>\$ 14,266,151</u>

Three-Year Trend Information

Fiscal Year	Annual Pension Cost	Percentage of APC Contribution	Net Pension Obligation (Asset)
2008	\$19,486,546	100%	-
2009	\$29,582,321	75.36%	\$7,287,773
2010	\$30,917,593	77.43%	\$14,266,151

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 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 25-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 Status and Funding Progress:

As of December 31, 2009, the most recent actuarial valuation date, the plan was 60.2 percent funded. The actuarial accrued liability for benefits was \$621,176,922, and the actuarial value of assets was \$373,896,491, resulting in an unfunded actuarial accrued liability (UAAL) of \$247,280,431. The covered payroll (annual payroll of active employees covered by the plan) was \$147,276,384, and the ratio of the UAAL to the covered payroll was 167.9%.

#### Actuarial Methods and Assumptions:

A summary of actuarial assumptions is as follows:

Actuarial Valuation Date	December 31, 2009
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	28 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, 2010, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was \$107,220,000.

The City's total payroll during fiscal 2010 was \$147,606,000. The current year contribution was calculated based on a covered payroll of \$88,713,000, resulting in a required and actual employer contribution of \$2,490,000 and actual employee contributions of \$5,741,000. The employer contribution represents 2.71 percent of the covered payroll. The employee contribution represents approximately 6.47 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2010. 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, 2009, the most recent actuarial valuation date, the plan was 154 percent funded. The actuarial accrued liability for benefits was \$1,386,982, and the actuarial value of assets was \$1,679,959, resulting in an excess funded actuarial accrued liability (EAAL) of \$292,977. The covered payroll (annual payroll of active employees covered by the plan) was \$2,668,972, and the ratio of the EAAL to the covered payroll was 10.9%.

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, 2009, 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, 2009 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.

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>	<b>Net Pension Obligation</b>
9/30/08	\$112,000	100.00%	-
9/30/09	\$102,000	100.00%	-
9/30/10	\$81,000	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, 2010, are as follows (amounts in thousands):

TMRS	\$23,939
THRIFT	2,490
PTDIT	<u>81</u>
	<u>\$26,510</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, 2010 (amounts in thousands):

	<u>Net Assets</u>		
	<u>Part-Time Deferred Income Trust</u>	<u>Thrift Savings Plan</u>	<u>Total</u>
<b>ASSETS</b>			
Investments	<u>\$2,110</u>	<u>\$107,220</u>	<u>\$109,330</u>
Total Assets	<u>\$2,110</u>	<u>\$107,220</u>	<u>\$109,330</u>
<b>NET ASSETS, Held in Trust For Pension Benefits</b>			
	<u>\$2,110</u>	<u>\$107,220</u>	<u>\$109,330</u>
	<u>Changes in Net Assets</u>		
	<u>Part-Time Deferred Income Trust</u>	<u>Thrift Savings Plan</u>	<u>Total</u>
<b>ADDITIONS</b>			
Employer contributions	\$ 81	\$ 2,490	\$ 2,571
Employee contributions	75	5,952	6,027
Net appreciation in fair value of investments	<u>200</u>	<u>10,320</u>	<u>10,520</u>
Total Additions	<u>\$ 356</u>	<u>\$18,762</u>	<u>\$19,118</u>
<b>DEDUCTIONS</b>			
Benefits	91	8,607	8,698
Plan administration	<u>34</u>	<u>24</u>	<u>58</u>
Total Deductions	<u>125</u>	<u>8,631</u>	<u>8,756</u>
Increase in Net Assets	231	10,131	10,362
NET ASSETS, October 1	<u>1,879</u>	<u>97,089</u>	<u>98,684</u>
NET ASSETS, September 30	<u>\$2,110</u>	<u>\$107,220</u>	<u>\$109,330</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, 2010, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	29
Active plan members	<u>2,287</u>
Total	<u>2,316</u>

*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, 2010, the City contributed \$374,000 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, presents 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, 2010, the most recent actuarial valuation date, the plan was 31.5 percent funded. The actuarial accrued liability for benefits was \$2,531,879, and the actuarial value of assets was \$797,987, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,733,892. The covered payroll (annual payroll of active employees covered by the plan) was \$119,943,080, and the ratio of the UAAL to the covered payroll was 1.4%.

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	07/01/10	
Actuarial cost method		Entry age normal
Amortization method		Level dollar amortization
Remaining amortization period		20 years (closed)
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	\$320
Interest on net OPEB asset	(7)
Adjustment to annual required contribution	<u>(8)</u>
Annual OPEB cost (expense)	305
Contributions made	<u>(388)</u>
Increase in net OPEB asset	(83)
Net OPEB asset – beginning of year	<u>(109)</u>
Net OPEB asset – end of year	<u><u>\$(192)</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2010 and the two preceding years are as follows:

<u>Year</u> <u>Ending</u>	<u>OPEB</u> <u>Cost</u>	<u>Annual OPEB</u> <u>Contribution</u>	<u>OPEB</u> <u>Obligation</u> <u>(Asset)</u>
9/30/08	\$364,000	100.00%	-
9/30/09	\$358,000	142.25%	(\$109,000)
9/30/10	\$305,000	127.21%	(\$192,000)

DIP does not issue separate GAAP financial reports. Its financial statements are presented below as of September 30, 2010 (in thousands):

	<u>Net Assets</u>
Assets	
Investments	<u>\$861</u>
Total assets	<u>\$861</u>
Net assets, held in trust for	
Other postemployment benefits	<u>\$861</u>
	<u>Changes in Net Assets</u>
Additions	
Employer contributions	\$374
Net appreciation in fair value	
Of investments	<u>78</u>
Total additions	<u>\$452</u>
Deductions	
Benefits	241
Plan Administration	<u>11</u>
Total deductions	<u>252</u>
Increase in net assets	200
Net assets, October 1, 2009	<u>661</u>
Net assets, September 30, 2010	<u>\$861</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, 2010, 612 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	\$ 8,583
Interest on net OPEB Obligation	510
Adjustment to annual required contribution	<u>(695)</u>
Annual OPEB cost (expense)	8,398
Contributions made	<u>(2,670)</u>
Increase in net OPEB obligation	5,728
Net OPEB obligation – beginning of year	<u>11,328</u>
Net OPEB obligation – end of year	<u>\$17,056</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the two preceding years are as follows (dollar amounts in thousands):

9/30/10	\$ 8,398	31.80%	\$ 17,056
9/30/09	\$ 8,947	26.72%	\$ 11,328
9/30/08	\$ 8,100	41.09%	\$ 4,772

*Funded Status and Funding Progress.* As of January 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$100.9 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$100.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$99.5 million, and the ratio of the UAAL to the covered payroll was 98.7 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	1/01/2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level dollar, open
Remaining Amortization Period	30 years
Healthcare inflation rate – medical	9% initial (2010) 5% ultimate (2014)
Healthcare inflation rate – prescription	11% initial (2010) 5% ultimate (2016)

## 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](http://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, 2009, 2008, and 2007, were \$257,104, \$258,737, and \$282,863 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. The debt will mature on various days over the next several months and will be rolled over. During fiscal 2010 commercial paper of \$4,800,000 was paid off from permanent improvement bond refunding.

General short-term debt balances and transactions for the year ended September 30, 2010 are as follows (amounts in thousands):

	Balance, October 1, 2009	Additions	Retirements and Other	Balance, September 30, 2010
Commercial Paper	<u>\$22,000</u>	<u>\$-</u>	<u>\$ 4,800</u>	<u>\$17,200</u>

### General Obligation Bonds

In September, 2009, the City issued \$29,415,000 of Permanent Improvement and Refunding Bonds, Series 2009 that funded in October of 2009 for the purpose of making various capital improvements, paying the cost of issuance related to the bond sale and refunding \$500,000 of commercial paper notes. The bonds will mature on August 15 over a period from 2010 to 2029. Interest is payable February 15 and August 15 of each year commencing February 15, 2010. Total interest requirements for these bonds at a rate of 3.550 percent interest, is \$12,852,561 in the aggregate.

In July, 2010, the City issued \$34,480,000 in Permanent Improvement and Refunding Bonds, Series 2010 for the purpose of refunding a portion of the City's outstanding debt, making various capital improvements, paying the cost of issuance of the bonds, and refunding \$4,300,000 of commercial paper notes. The bonds mature on August 15 over a period from 2011 to 2030. Interest is payable February 15 and August 15 of each year, commencing February 15, 2011. The refunding was undertaken to achieve a present value savings on debt service payments of \$401,108.65. Total interest requirement for these bonds at a rate from 3.00 to 5.00 percent is \$12,435,724.14 in the aggregate. The City recognized a deferred loss of \$817,508. Following is the schedule of refunded obligations (amounts in thousands):

Bond	Original Dated Date	Original Maturity Date	Interest Rates	Amount
Commercial Paper Notes	2/8/2010	8/6/2010	0.28%	\$ 4,300
Combination Tax & Revenue Certificates of Obligation, Series 1999-A	7/1/1999	8/15/2011	5.00%	20
Permanent Improvement Bonds, Series 1999	7/1/1999	8/15/2011	5.00%	1,580
Combination Tax & Revenue Certificates of Obligation, Series 2000	7/15/2000	8/15/2011	5.10%	100
		8/15/2012	5.15%	100
				<u>200</u>
Permanent Improvement Bonds, Series 2000	7/15/2000	8/15/2011	5.00%	1,545
		8/15/2012	5.15%	1,545
				<u>3,090</u>
Combination Tax & Revenue Certificates of Obligation, Series 2001-B	3/1/2001	8/15/2013	4.60%	425
		8/15/2014	4.65%	425
		8/15/2015	4.75%	425
		8/15/2016	4.80%	425
		8/15/2017	4.90%	425
				<u>2,125</u>
Permanent Improvement Refunding Bonds, Series 2001-A	6/1/2001	8/15/2012	5.50%	2,025
		8/15/2013	5.50%	1,125
		8/15/2015	4.75%	580
				<u>3,730</u>
Permanent Improvement Bonds, Series 2001-B	6/1/2001	8/15/2012	4.65%	500
		8/15/2013	4.80%	500
		8/15/2014	4.90%	500
				<u>1,500</u>
				<u><u>\$16,545</u></u>

Total Refunded Obligations \$16,545

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

Purpose	Interest Rates	Amount
Governmental activities	2.5% - 6.000%	\$117,560
Governmental activities – refunding	2.5% - 5.500%	<u>136,865</u>
Total governmental		<u><u>\$254,425</u></u>

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

<u>Year Ending September 30</u>	<u>Governmental activities</u>	
	<u>General Obligation</u>	<u>GO Interest</u>
2011	\$ 22,150	\$ 11,642
2012	21,470	10,403
2013	20,660	9,440
2014	21,585	8,523
2015	21,595	7,536
2016-2020	84,600	23,910
2021-2025	41,695	9,175
2026-2030	<u>20,670</u>	<u>2,028</u>
Total	<u>\$254,425</u>	<u>\$82,657</u>

General obligation debt authorized and unissued as of September 30, 2010, amounted to \$128,190,000.

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. As of September 30, 2010, this liability is reported at \$501,341 in the governmental activities.

#### Certificates of Obligation

Concurrent with the 2009 Public Improvement and Refunding Bonds, the City issued Combination Tax and Revenue Certificates of Obligation as follows, \$6,865,000 Series 2009A certificates, and \$2,065,000 Series 2009B certificates, funded October, 2009. The certificates were issued for the purpose of making various capital improvements and paying the cost of issuance related to the bond sale. The Series 2009A Certificates will mature on August 15 over a period from 2010 to 2016. Interest is payable February 15 and August 15 of each year commencing February 15, 2010. The total interest requirement for the 2009A certificates at rates from 2.0 to 4.0 percent is \$530,179 aggregate. The Series 2009B certificates will mature on August 15 over a period from 2010 to 2016. Interest is payable February 15 and August 15 of each year commencing February 15, 2010. The total interest requirement for the 2009B certificates at a rate of 2.0 percent is \$166,339 aggregate. The City also issued \$5,755,000 Series 2010 certificates with interest payable on February and August 15 of each year commencing February, 2011. The bonds mature over a period from 2011 through 2017, with a final maturity date of August 15, 2017. The total interest requirement for the 2010 certificates with interest rates of 2.0-2.75 percent is \$548,342 aggregate.

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>
2011	\$4,600	\$2,809
2012	4,595	2,639
2013	4,810	2,478
2014	4,750	2,331
2015	4,545	2,187
2016-2020	14,490	9,036
2021-2025	12,930	6,206
2026-2030	11,675	3,181
2031-2033	<u>7,070</u>	<u>664</u>
Total	<u>\$ 69,465</u>	<u>\$ 31,531</u>

#### Special Obligation Bonds

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 City no longer has variable rate bond or swap exposure.

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

<u>Year Ending September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 7,415	\$ 14,990
2012	7,695	14,714
2013	8,000	14,392
2014	7,710	14,026
2015	8,070	13,664
2016-2020	58,605	61,578
2021-2025	85,430	43,804
2026-2030	51,495	20,917
2031-2034	<u>64,130</u>	<u>8,212</u>
	<u>\$298,550</u>	<u>\$206,297</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 \$504,847,000. Principal and interest payments and total pledged revenues for the year ended September 30, 2010 were \$20,407,000 and \$23,568,000, respectively.

#### Revenue Bonds

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

In June, 2010, the City issued \$21,515,000 in Water and Wastewater System Revenue and Refunding Bonds, Series 2010 for the purpose of refunding a portion of the City's outstanding debt, making various capital improvements, paying the cost of issuance of the bonds and purchase of \$12,232,507 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 on the refunded issues. The bonds mature on June 1 over a period from 2011 to 2030. Interest is payable June 1 and December 1 of each year, commencing December 1, 2010. Total interest requirement for these bonds at a rate from 4.00 to 5.00 percent is \$6,614,268 in the aggregate. The refunding was undertaken to achieve a present value savings on debt service payments of \$533,264. The difference between the reacquisition price and the carrying amount of the debt resulted in a loss of \$817,507 which has been recorded in the Proprietary Funds' financial statements.

Following is the schedule of refunded obligations (amounts in thousands):

<b>Bonds</b>	<b>Original Dated Date</b>	<b>Original Maturity Date</b>	<b>Interest Rates</b>	<b>Amount</b>
Water & Wastewater System Revenue Bonds, Series 2001	3/1/2001	6/1/2012	5.00%	\$1,040
		6/1/2013	5.00%	1,040
		6/1/2014	5.00%	1,040
		***	***	***
		6/1/2020	5.00%	1,035
				<u>\$4,155</u>
Water & Wastewater System Revenue Bonds, Series 2002	3/1/2002	6/1/2013	4.60%	\$810
		6/1/2014	4.70%	810
		6/1/2015	4.80%	810
		6/1/2016	4.90%	805
		6/1/2017	5.00%	805
		6/1/2018	5.00%	805
		6/1/2019	5.00%	805
		6/1/2020	5.00%	805
		6/1/2021	5.00%	805
				<u>\$7,260</u>
Total Refunded Obligations				<u>\$ 11,415</u>

The Series 2001 Bonds will be redeemed prior to original maturity on June 1, 2011, at par; the Series 2002 Bonds will be redeemed prior to original maturity on June 1, 2012, at par. The refunded bonds are considered to be legally defeased and the liability is not reflected in the statement of net assets.

In fiscal 2010, the City issued Water and Sewer Revenue Bonds in the amount of \$9,610,000 for the purpose of expanding the John F. Kubala Water Treatment Plant and construction of a water tower at Tierra Verde. These bonds are held by the Texas Water Development Board (TWDB) and bring the total outstanding TWDB balance to \$26,095,000. These bonds will mature June 2011 to June 2024 at interest rates of 1.35 percent to 3.10 percent.

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

<u>Year Ending September 30</u>	<u>Business Activities</u>		<u>Business Activities - TWDB</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 8,100	\$ 3,428	\$ 1,900	\$ 589
2012	7,740	3,137	1,900	567
2013	7,255	2,840	1,900	538
2014	6,775	2,553	1,900	507
2015	6,720	2,278	1,900	473
2016-2020	27,550	7,643	9,500	1,747
2021-2025	15,140	2,776	7,095	502
2026-2030	4,845	464	-	-
	<u>\$ 84,125</u>	<u>\$25,119</u>	<u>\$26,095</u>	<u>\$4,923</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, 2010, net pledged revenues for the water enterprise fund were \$47,861,000 and debt service on the revenue bonds was \$13,990,234.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2010 (amounts expressed in thousands):

	<u>10/1/2009</u>	<u>Increases</u>	<u>Reductions</u>	<u>9/30/2010</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt	\$221,380	\$ 63,895	(\$30,850)	\$254,425	\$22,150
Special tax revenue debt	303,780	-	(5,230)	298,550	7,415
Certificates of obligation	61,920	14,685	(7,140)	69,465	4,600
Premium on general bonds	3,865	2,744	(912)	5,697	-
Premium on special bonds	5,732	-	(367)	5,365	-
Deferred loss on refunding	(1,391)	(834)	581	(1,644)	-
Deferred loss on special bond refund	(3,297)	-	137	(3,160)	-
Discount on special bonds	<u>(3,986)</u>	<u>-</u>	<u>287</u>	<u>(3,699)</u>	<u>-</u>
Net governmental bonds payable	588,003	80,490	(43,494)	624,999	34,165
Compensated absences	28,688	(754)	(1,481)	26,453	1,322
Capital leases	751	-	(412)	339	255
Arbitrage liability	193	-	(118)	75	-
Claims	9,748	5,222	(5,485)	9,485	5,216
Landfill closure	6,292	446	-	6,738	-
Sales tax	485	172	(155)	502	223
Net other post-employ benefit oblg.	11,328	5,728	-	17,056	-
Net pension oblg.	<u>7,288</u>	<u>6,978</u>	<u>-</u>	<u>14,266</u>	<u>-</u>
Total governmental long-term liabilities	<u>\$652,776</u>	<u>\$98,282</u>	<u>(\$51,145)</u>	<u>\$699,913</u>	<u>\$41,181</u>
Business-type activities:					
Water and sewer bonds	\$100,500	\$31,125	(\$21,405)	\$110,220	\$10,000
Premium on water and sewer bonds	927	908	(262)	1,573	-
Deferred loss on refunding	<u>(1,020)</u>	<u>(817)</u>	<u>164</u>	<u>(1,673)</u>	<u>-</u>
Net water and sewer bonds payable	100,407	31,216	(21,503)	110,120	10,000
Compensated Absences	<u>2,014</u>	<u>44</u>	<u>(147)</u>	<u>1,911</u>	<u>105</u>
Total business-type long term liabilities	<u>\$102,421</u>	<u>\$31,260</u>	<u>(\$21,650)</u>	<u>\$112,031</u>	<u>\$10,104</u>
Component units:					
Sales tax payable	<u>240</u>	<u>-</u>	<u>(240)</u>	<u>-</u>	<u>-</u>
Total component unit long-term debt	<u>\$ 240</u>	<u>\$ -</u>	<u>(\$ 240)</u>	<u>\$ -</u>	<u>\$ -</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, 2010, previously defeased debt still outstanding amounted to \$30,805,000.

**10. INTERFUND TRANSACTIONS**

A summary of interfund receivables and payables at September 30, 2010, is as follows (amounts in thousands):

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$5,191	\$ -
Nonmajor Funds	-	5,191
	<u>\$5,191</u>	<u>\$5,191</u>

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2011.

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	\$ 13,915	\$ 18,992
Debt Service Fund	251	2,926
Street Capital Projects	-	309
Stadium Venue Fund	-	251
Total Major Governmental Funds	<u>14,166</u>	<u>22,478</u>
Major Enterprise Fund-Water and Sewer	13,173	-
Nonmajor Enterprise Fund-Storm Water Utility	520	-
Other Funds:		
Nonmajor Governmental Funds	9,496	11,437
Internal Service Funds	<u>1,000</u>	<u>4,440</u>
Total All Funds	<u>\$38,355</u>	<u>\$38,355</u>

The combined Water and Sewer, and Convention and Event Services transferred \$3,830,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred \$9,852,000 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 \$1,358,000 from the Convention and Event Services and Water and Sewer 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 \$6,738,000

reported as a landfill closure and post-closure accrued liability at September 30, 2010, represents the cumulative amount reported to date based on the use of approximately 77 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 \$2,038,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. 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 \$6,630,000 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, 2010, 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, 2010. 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	\$ 55,495	\$ 7,194
Park Construction	18,825	1,854
Police Construction	-	3
Traffic Construction	9,201	10
Water and Sewer Construction	70,925	8,254
	<u>\$ 154,446</u>	<u>\$ 17,315</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 several lawsuits that are in appeals, with potential liability for the City from zero to \$1,000,000; however, the City does not consider these lawsuits to contain a probable likelihood of unfavorable outcomes.

Based upon comparative responsibility, some liability is probable in one lawsuit in which the City is Involved. Pursuant to the Texas Tort Claims Act, damages would be capped at \$250,000.

Various other claims and lawsuits are pending against the City. In the opinion of City 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.

### 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.

### Group Health

Group medical benefits are paid through the Group Health Fund. Revenues are recognized from payroll deductions and from City contributions for employee and dependent coverage.

Changes in the balances of claims liabilities during fiscal 2010 and 2009 were as follows (amounts in thousands):

	Workers' Compensation		Health		APFA	
	2010	2009	2010	2009	2010	2009
Unpaid claims Oct 1	\$ 5,306	\$ 4,479	\$ 1,694	\$ 1,600	\$ 2,748	\$ 2,223
Incurred Claims (including IBNRs and changes in estimates)	1,412	3,536	18,238	15,651	(147)	1,194
Claim payments	<u>(1,475)</u>	<u>(2,709)</u>	<u>(18,118)</u>	<u>(15,557)</u>	<u>(173)</u>	<u>(669)</u>
Unpaid Claims Sept 30	<u>\$ 5,243</u>	<u>\$ 5,306</u>	<u>\$ 1,814</u>	<u>\$ 1,694</u>	<u>\$ 2,428</u>	<u>\$ 2,748</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 \$339,000 and is reported as capital lease obligations current liabilities (approximately \$255,000) and capital lease obligations non-current liabilities (approximately \$84,000) 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):

Year ending <u>September 30, 2010</u>	Rental Payments
2011	\$268
2012	70
2013	<u>17</u>
Total minimum future lease payments	355
Less: Amount representing interest	<u>(16)</u>
Present value of net minimum lease payments	<u>\$339</u>

The City's investment in equipment under capital lease arrangements as of September 30, 2010 is \$1,222,000.

##### 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 2010 were approximately \$265,375.

## 15. 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>
2010	\$ 900,000
2011	1,000,000
2012	1,000,000
2013	1,000,000
2014	1,000,000
2015 to 2019	5,000,000
2020 to 2024	<u>5,000,000</u>
	14,900,000
Less Discount	<u>4,658,000</u>
	<u>\$10,242,000</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. At the end of the lease, 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.

Minimum future rentals are as follows:

<u>September 30</u>	
2011	\$ 2,000,000
2012	2,000,000
2013	2,000,000
2014	2,000,000
2015	2,000,000
2016-2020	10,000,000
2021-2024	<u>7,055,556</u>
	27,055,556
Less Discount	<u>10,492,543</u>
Minimum future lease rentals	<u>\$16,563,013</u>

## 17. CONDENSED COMPONENT UNIT INFORMATION

The City includes five component units in its reporting entity (see note I.B.). In August the ASFDA was closed and transferred to the General fund \$931 of capital assets; \$401 cash; \$172 liabilities and \$26,805 in long-term accounts receivable. Condensed component unit information for the year ended September 30, 2010, 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	\$-	\$69,265	\$ 7,723	\$721	\$ 77,709
Capital assets	-	-	509	141	650
Total assets	-	<u>69,265</u>	<u>8,232</u>	<u>862</u>	<u>78,359</u>
Other liabilities	-	3,049	693	174	3,916
Total liabilities	-	<u>3,049</u>	<u>693</u>	<u>174</u>	<u>3,916</u>
Net assets:					
Invested in capital assets, net of related debt	-	-	509	141	650
Restricted	-	66,216	-	-	66,216
Unrestricted	-	-	7,030	547	7,577
Total net assets	<u>\$-</u>	<u>\$66,216</u>	<u>\$7,539</u>	<u>\$688</u>	<u>\$74,443</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	\$ 30,810	\$1,550	\$27,258	\$3,840	\$63,458
Program Revenues:					
Charges for services	534	-	-	3,719	4,253
Operating grants and contributions	-	-	27,295	78	27,373
Capital grants and Contributions	-	-	-	-	-
Net Program (Expense) Revenue	<u>(30,276)</u>	<u>(1,550)</u>	<u>37</u>	<u>(43)</u>	<u>(31,832)</u>
Interest Revenues	1,238	1,634	62	5	2,939
Other NonTax General Revenues	<u>(2)</u>	<u>13,581</u>	<u>2,129</u>	<u>(2)</u>	<u>15,706</u>
Change in Net Assets	(29,040)	13,665	2,228	(40)	(13,187)
Net Assets, October 1,	<u>29,040</u>	<u>52,551</u>	<u>5,311</u>	<u>728</u>	<u>87,630</u>
Net Assets, September 30	<u>\$ -</u>	<u>\$66,216</u>	<u>\$ 7,539</u>	<u>\$ 688</u>	<u>\$74,443</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, 2010, outstanding conduit debt was as follows:

<u>Bond Series</u>	<u>Original Issue Amount</u>	<u>Outstanding Amount</u>
Arlington 03B	\$ 12,375,000	\$ 2,777,683
Arlington 06	12,857,000	9,111,740
Total	<u>\$25,232,000</u>	<u>\$11,889,423</u>

## 18. SUBSEQUENT EVENTS

In October 2010, the City issued Permanent Improvement Refunding Bonds, Series 2010A of \$21.28 million with an interest rate of 4.0 percent and serial maturities August 15 from 2011 through 2023. Interest on the bonds will be due every February and August 15, beginning February 15, 2011. The bonds were issued to refund certain debt obligations of the City and to pay costs related to the issuance of the bonds. The following is a breakdown of the refunded obligations (amounts in thousands):

Bonds	Original Dated Date	Original Maturity Date	Interest Rate	Amount Refunded
Combination Tax & Revenue Certificates of Obligation, Series 2001B	3/1/2001	8/15/2012	4.50%	<u>\$ 425</u>
Combination Tax & Revenue Certificates of Obligation, Series 2001C	7/1/2001	8/15/2012	4.60	25
		8/15/2013	4.70	25
		8/15/2014	4.70	25
		8/15/2015	4.80	25
		8/15/2016	4.90	25
		8/15/2017	5.00	25
		8/15/2018	5.00	25
		8/15/2019	5.00	25
		8/15/2020	5.00	25
		8/15/2021	5.00	<u>25</u>
				<u>250</u>
Permanent Improvement Bonds, Series 2002	7/15/2002	8/15/2013	4.00	1,190
		8/15/2014	4.20	1,190
		8/15/2015	4.30	1,190
		8/15/2016	4.40	1,190
		8/15/2017	4.50	1,190
		8/15/2018	4.60	1,190
		8/15/2019	4.70	1,190
		8/15/2020	4.75	1,190
		8/15/2021	4.875	1,190
		8/15/2022	5.00	<u>1,190</u>
				<u>11,900</u>
Combination Tax & revenue Certificates of Obligation. Series 2003	7/15/2003	8/15/2019	4.50	375
		8/15/2023	4.75	<u>300</u>
				<u>675</u>
Permanent Improvement & Refunding Bonds, Series 2003	6/15/2003	8/15/2015	5.00	1,550
		8/15/2016	5.00	810
		8/15/2017	5.00	810
		8/15/2018	5.00	810
		8/15/2019	5.00	810
		8/15/2020	5.00	810
		8/15/2021	5.00	810
		8/15/2022	5.00	810
		8/15/2023	5.00	<u>810</u>
Total Refunded Obligations				<u>\$21,280</u>

**CITY OF ARLINGTON, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (BUDGETARY BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
<b>REVENUES</b>						
Taxes	\$ 126,503	\$ 126,503	\$ 127,350	\$ 3,524	\$ 130,874	\$ 4,371
Licenses and permits	4,371	4,371	6,801	-	6,801	2,430
Utility franchise fees	34,321	34,321	25,769	6,205	31,974	(2,347)
Fines and forfeitures	12,923	12,923	13,861	-	13,861	938
Leases, rents and concessions	5,156	5,156	9,117	-	9,117	3,961
Service charges	10,731	10,731	5,091	2,399	7,490	(3,241)
Interest revenue	949	949	956	-	956	7
Other revenue	2,072	2,072	1,246	-	1,246	(826)
Net increase (decrease) in the fair value of investments	-	-	(147)	147	-	-
<b>Total Revenues</b>	<u>197,026</u>	<u>197,026</u>	<u>190,044</u>	<u>12,275</u>	<u>202,319</u>	<u>5,293</u>
<b>EXPENDITURES</b>						
Current-						
General government	36,464	36,464	33,146	(217)	32,929	3,535
Public safety	118,658	118,658	118,088	360	118,448	210
Public works	23,842	23,842	20,495	1,893	22,388	1,454
Public health	1,750	1,750	1,728	(20)	1,708	42
Parks and recreation	13,907	13,907	13,378	(152)	13,226	681
<b>Total Expenditures</b>	<u>194,621</u>	<u>194,621</u>	<u>186,835</u>	<u>1,864</u>	<u>188,699</u>	<u>5,922</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>2,405</u>	<u>2,405</u>	<u>3,209</u>	<u>10,411</u>	<u>13,620</u>	<u>11,215</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,972	5,972	18,992	(15,263)	3,729	(2,243)
Transfers out	(9,852)	(9,852)	(13,915)	3,604	(10,311)	(459)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,880)</u>	<u>(3,880)</u>	<u>5,077</u>	<u>(11,659)</u>	<u>(6,582)</u>	<u>(2,702)</u>
<b>Net Change In Fund Balances</b>	<u>(1,475)</u>	<u>(1,475)</u>	<u>8,286</u>	<u>(1,248)</u>	<u>7,038</u>	<u>8,513</u>
<b>Fund Balances, October 1</b>	<u>58,281</u>	<u>58,281</u>	<u>58,281</u>	<u>-</u>	<u>58,281</u>	<u>-</u>
<b>Fund Balances, September 30</b>	<u>\$ 56,806</u>	<u>\$ 56,806</u>	<u>\$ 66,567</u>	<u>\$ (1,248)</u>	<u>\$ 65,319</u>	<u>\$ 8,513</u>

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

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):

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Unit Credit</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Percent</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
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%
12/31/09	373,896	621,177	(247,280)	60.2%	147,276	167.9%

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

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Excess Funded AAL (EAAL)</b>	<b>Funded Percent</b>	<b>Annual Covered Payroll</b>	<b>EAAL as a Percentage of Covered Payroll</b>
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%
7/1/09	1,680	1,387	293	121.1%	2,669	10.9%

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

<b>Fiscal Year Ending</b>	<b>Annual Required Contribution (ARC)</b>	<b>Percentage of ARC Contributed</b>	<b>Net Pension Obligation</b>
9/30/08	\$112,000	100.00%	-
9/30/09	102,000	100.00%	-
9/30/10	81,000	100.00%	-

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

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Funded Ratio</b>	<b>Unfunded AAL (UAAL)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
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%
7/1/10	798	2,532	31.5%	(1,734)	119,943	1.4%

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

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Funded Ratio</b>	<b>Unfunded AAL (UAAL)</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
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%
1/1/10	0	100.9	0%	100.9	99.5	101.4%

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.

**US DEPARTMENT OF JUSTICE FUND** - This fund accounts for money received from the U S Department of Justice 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, Texas Criminal Justice Division, Local Law Enforcement Block Grant, Court Technology Fund, Texas State Library, Gifts and Donations, Auto Theft Prevention, Historic Preservation, Disaster Assistance Fund, Tax Increment Reinvestment Zone #5, Highlands TIF, Juvenile Case Manager, HUD Special Projects, COPS Technical Grant, Environmental Protection Agency, Texas Parks and Wildlife, Department of Energy, Public Improvement District #1, Viridian TIRZ #6, and Texas Historical Commission.

During fiscal year 2010, the City reclassified the Infrastructure Maintenance Reserve Fund from a Special Revenue Fund to a Capital Projects Fund for reporting. This fund is now included in Other Capital Projects Funds.

## CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

**CITY OF ARLINGTON, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ 17,320	\$ 6,562	\$ -	\$ -
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	2,065	-	-	-
Other	-	1	-	-	306
Inventory, at cost	-	-	-	-	-
Due from other governments	1,004	-	-	1,067	243
Prepaid expenditures	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 1,004</u>	<u>\$ 19,386</u>	<u>\$ 6,562</u>	<u>\$ 1,067</u>	<u>\$ 549</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 124	\$ 1,374	\$ -	\$ 6	\$ 91
Retainage payable	-	3	-	-	89
Due to other funds	880	-	-	908	28
Deferred revenue					
Gas lease	-	-	-	-	-
Other	-	-	-	-	341
Commercial paper	-	-	-	-	-
<b>Total Liabilities</b>	<u>1,004</u>	<u>1,377</u>	<u>-</u>	<u>914</u>	<u>549</u>
<b>FUND BALANCES</b>					
Reserved for encumbrances	25	12,123	-	191	1,374
Reserved for inventory	-	-	-	-	-
Reserved for capital projects	-	-	-	-	-
Reserved for street maintenance	-	3,841	-	-	-
Reserved for court technology	-	-	-	-	-
Reserved for court security	-	-	-	-	-
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 land banking	-	-	-	-	-
Designated for reimbursement	-	-	1,588	-	-
Reported in special revenue funds	(25)	-	4,974	(38)	(1,374)
<b>Total Fund Balance</b>	<u>-</u>	<u>18,009</u>	<u>6,562</u>	<u>153</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,004</u>	<u>\$ 19,386</u>	<u>\$ 6,562</u>	<u>\$ 1,067</u>	<u>\$ 549</u>

Special Revenue							Capital Projects	
Home Investment Partnership	FEMA	Gas Lease	US Dept of Justice	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities	Airport
\$ -	\$ -	\$ 6,878	\$ -	\$ 1,790	\$ 948	\$ 11,793	\$ 2,765	\$ 2,878
-	-	-	-	-	1,393	-	-	-
-	-	46	-	50	79	204	-	-
-	-	-	-	230	-	-	-	-
138	1,576	-	701	-	-	2,082	-	-
-	-	-	-	23	16	-	-	-
<u>\$ 138</u>	<u>\$ 1,576</u>	<u>\$ 6,924</u>	<u>\$ 701</u>	<u>\$ 2,093</u>	<u>\$ 2,436</u>	<u>\$ 14,079</u>	<u>\$ 2,765</u>	<u>\$ 2,878</u>
\$ -	\$ 172	\$ 8	\$ 92	\$ 618	\$ 433	\$ 942	\$ 193	\$ 483
-	-	-	-	-	-	114	5	142
123	1,348	-	606	-	-	1,194	-	-
-	-	337	-	-	-	-	-	-
15	-	-	3	156	371	1,519	-	-
-	-	-	-	-	-	-	-	-
<u>138</u>	<u>1,520</u>	<u>345</u>	<u>701</u>	<u>774</u>	<u>804</u>	<u>3,769</u>	<u>198</u>	<u>625</u>
1,539	1,091	81	449	234	74	2,341	483	1,375
-	-	-	-	230	-	-	-	-
-	-	-	-	-	-	-	2,084	878
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	391	-	-
-	-	-	-	-	-	55	-	-
-	-	-	-	-	-	311	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	200	-	-	-
-	-	-	-	-	486	-	-	-
-	-	301	-	-	-	-	-	-
-	-	1,775	-	-	-	-	-	-
-	-	489	-	-	-	-	-	-
-	-	-	-	-	-	5,922	-	-
(1,539)	(1,035)	3,933	(449)	855	872	1,290	-	-
<u>-</u>	<u>56</u>	<u>6,579</u>	<u>-</u>	<u>1,319</u>	<u>1,632</u>	<u>10,310</u>	<u>2,567</u>	<u>2,253</u>
<u>\$ 138</u>	<u>\$ 1,576</u>	<u>\$ 6,924</u>	<u>\$ 701</u>	<u>\$ 2,093</u>	<u>\$ 2,436</u>	<u>\$ 14,079</u>	<u>\$ 2,765</u>	<u>\$ 2,878</u>

(continued)

**CITY OF ARLINGTON, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Park</u>	<u>TIRZ #5</u>	<u>Traffic</u>	<u>Other Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 21,983	\$ 3,433	\$ 6,463	\$ 7,828	\$ 90,641
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	1,393
Sales tax	-	-	-	-	2,065
Other	-	1,521	-	-	2,207
Inventory, at cost	-	-	-	-	230
Due from other governments	-	-	-	-	6,811
Prepaid expenditures	-	-	-	-	39
<b>Total Assets</b>	<u>\$ 21,983</u>	<u>\$ 4,954</u>	<u>\$ 6,463</u>	<u>\$ 7,828</u>	<u>\$ 103,386</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 419	\$ 204	\$ 32	\$ 22	\$ 5,213
Retainage payable	148	462	1	14	978
Due to other funds	-	-	-	104	5,191
Deferred revenue					
Gas lease	-	-	-	-	337
Other	-	-	-	-	2,405
Commercial paper	4,500	-	-	-	4,500
<b>Total Liabilities</b>	<u>5,067</u>	<u>666</u>	<u>33</u>	<u>140</u>	<u>18,624</u>
<b>FUND BALANCES</b>					
Reserved for encumbrances	2,557	1,320	227	2,625	28,109
Reserved for inventory	-	-	-	-	230
Reserved for capital projects	14,359	2,968	6,203	5,063	31,555
Reserved for street maintenance	-	-	-	-	3,841
Reserved for court technology	-	-	-	-	391
Reserved for court security	-	-	-	-	55
Reserved for juvenile case manager	-	-	-	-	311
Unreserved-					
Designated for working capital	-	-	-	-	2,045
Designated for hotel feasibility	-	-	-	-	200
Designated for capital maintenance	-	-	-	-	486
Designated for neighborhood grants	-	-	-	-	301
Designated for innovation/venture	-	-	-	-	1,775
Designated for land	-	-	-	-	489
Designated for reimbursement	-	-	-	-	7,510
Reported in special revenue funds	-	-	-	-	7,464
<b>Total Fund Balance</b>	<u>16,916</u>	<u>4,288</u>	<u>6,430</u>	<u>7,688</u>	<u>84,762</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 21,983</u>	<u>\$ 4,954</u>	<u>\$ 6,463</u>	<u>\$ 7,828</u>	<u>\$ 103,386</u>

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	Special Revenue				
	Federal Transit Administration	Street Maintenance	Downtown TIF	Texas Department of Transportation	Community Development Block Grant
<b>REVENUES</b>					
Taxes	\$ -	\$ 11,809	\$ 1,613	\$ -	\$ -
Service charges	204	-	-	-	-
Intergovernmental	2,426	-	-	2,283	3,584
Interest revenue	-	173	65	-	-
Net increase (decrease) in the fair value of investments	-	(23)	(10)	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	14	39	-	-	575
<b>Total Revenues</b>	<u>2,644</u>	<u>11,998</u>	<u>1,668</u>	<u>2,283</u>	<u>4,159</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	331	-	-
Public safety	-	-	-	1,758	-
Public works	-	13,292	-	-	-
Public health	-	-	-	-	-
Public welfare	3,332	-	-	-	2,210
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	453	1,176
<b>Total Expenditures</b>	<u>3,332</u>	<u>13,292</u>	<u>331</u>	<u>2,211</u>	<u>3,386</u>
Net change in fund balances	<u>(688)</u>	<u>(1,294)</u>	<u>1,337</u>	<u>72</u>	<u>773</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of Certificates of Obligation	-	-	-	-	-
Bond premium	-	-	-	-	-
Transfers in	1,525	5,589	-	1,098	-
Transfers out	-	(410)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,525</u>	<u>5,179</u>	<u>-</u>	<u>1,098</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	837	3,885	1,337	1,170	773
<b>Fund Balance, October 1</b>	<u>(837)</u>	<u>14,124</u>	<u>5,225</u>	<u>(1,017)</u>	<u>(773)</u>
<b>Fund Balance, September 30</b>	<u>\$ -</u>	<u>\$ 18,009</u>	<u>\$ 6,562</u>	<u>\$ 153</u>	<u>\$ -</u>

Special Revenue							Capital Projects	
Home Investment Partnership	FEMA	Gas Lease	US Dept of Justice	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities	Airport
\$ -	\$ -	\$ 25	\$ -	\$ -	\$ 5,220	\$ 2,556	\$ -	\$ -
-	-	-	-	8,267	2,788	1,290	-	-
1,572	4,500	462	2,458	-	-	6,488	-	-
-	-	72	-	13	14	56	46	177
-	-	(20)	-	-	10	(2)	-	(4)
-	-	-	-	-	-	-	-	-
-	-	5,421	-	-	-	-	-	-
-	-	550	-	-	-	-	-	-
12	-	-	-	289	5	2,481	-	264
<u>1,584</u>	<u>4,500</u>	<u>6,510</u>	<u>2,458</u>	<u>8,569</u>	<u>8,037</u>	<u>12,869</u>	<u>46</u>	<u>437</u>
-	-	-	-	-	-	812	1,080	-
-	3,548	-	2,406	-	-	1,134	-	-
-	-	-	-	-	-	1,706	-	-
-	-	-	-	-	-	1,042	-	-
1,584	-	405	-	-	-	3,438	-	-
-	-	-	-	10,284	-	4	-	-
-	-	-	-	-	6,321	-	-	-
-	-	-	-	-	-	3,561	2,562	3,471
<u>1,584</u>	<u>3,548</u>	<u>405</u>	<u>2,406</u>	<u>10,284</u>	<u>6,321</u>	<u>11,697</u>	<u>3,642</u>	<u>3,471</u>
-	952	6,105	52	(1,715)	1,716	1,172	(3,596)	(3,034)
-	-	-	-	-	-	-	462	1
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	5,755	4,821	4,109
-	-	-	-	-	-	-	43	-
-	114	-	-	2,233	-	588	-	-
-	-	(4,306)	-	-	(1,280)	(1,902)	(1)	(506)
-	114	(4,306)	-	2,233	(1,280)	4,441	5,325	3,604
-	1,066	1,799	52	518	436	5,613	1,729	570
-	(1,010)	4,780	(52)	801	1,196	4,697	838	1,683
<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 6,579</u>	<u>\$ -</u>	<u>\$ 1,319</u>	<u>\$ 1,632</u>	<u>\$ 10,310</u>	<u>\$ 2,567</u>	<u>\$ 2,253</u>

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 21,223
Service charges	423	-	-	-	12,972
Intergovernmental	-	-	-	-	23,773
Interest revenue	295	56	89	56	1,112
Net increase (decrease) in the fair value of investments	(65)	(49)	(23)	7	(179)
Contributions	125	2,144	204	-	2,473
Gas lease royalty	-	-	-	-	5,421
Gas lease other	-	-	-	-	550
Other	-	-	-	1,998	5,677
<b>Total Revenues</b>	<u>778</u>	<u>2,151</u>	<u>270</u>	<u>2,061</u>	<u>73,022</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	230	2,453
Public safety	-	-	-	-	8,846
Public works	-	-	-	-	14,998
Public health	-	-	-	-	1,042
Public welfare	-	-	-	-	10,969
Parks and recreation	-	-	-	-	10,288
Convention and event services	-	-	-	-	6,321
Capital outlay	6,404	3,343	1,680	950	23,600
<b>Total Expenditures</b>	<u>6,404</u>	<u>3,343</u>	<u>1,680</u>	<u>1,180</u>	<u>78,517</u>
Net change in fund balances	<u>(5,626)</u>	<u>(1,192)</u>	<u>(1,410)</u>	<u>881</u>	<u>(5,495)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	7,457	170	1,501	3,533	13,124
	-	-	-	500	500
Issuance of Certificates of Obligation	-	-	-	-	14,685
Bond Premium	53	-	57	256	409
Transfers in	-	-	-	290	11,437
Transfers out	-	(50)	(1,041)	-	(9,496)
<b>Total Other Financing Sources (Uses)</b>	<u>7,510</u>	<u>120</u>	<u>517</u>	<u>4,579</u>	<u>30,659</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	1,884	(1,072)	(893)	5,460	25,164
<b>Fund Balance, October 1</b>	<u>15,032</u>	<u>5,360</u>	<u>7,323</u>	<u>2,228</u>	<u>59,598</u>
<b>Fund Balance, September 30</b>	<u>\$ 16,916</u>	<u>\$ 4,288</u>	<u>\$ 6,430</u>	<u>\$ 7,688</u>	<u>\$ 84,762</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts		Variance with Final Budget- Positive (Negative)	
	Original	Final	Actual	Adjustments to Budgetary Basis		Actual on Budgetary Basis
<b>REVENUES</b>						
Taxes	\$ 36,436	\$ 36,436	\$ 62,194	\$ (25,681)	\$ 36,513	\$ 77
Interest revenue	318	318	1,374	(1,091)	283	(35)
Net increase (decrease) in fair value of investments	-	-	2,031	(2,045)	(14)	(14)
Leases, rents and concessions	-	-	2,000	(2,000)	-	-
Other revenue	-	-	142	(142)	-	-
<b>Total Revenues</b>	<u>36,754</u>	<u>36,754</u>	<u>67,741</u>	<u>(30,959)</u>	<u>36,782</u>	<u>28</u>
<b>EXPENDITURES</b>						
Debt Service-						
Principal retirement	25,745	25,745	30,975	(5,230)	25,745	-
Interest and fiscal charges	14,242	14,242	29,232	(15,196)	14,036	206
<b>Total Expenditures</b>	<u>39,987</u>	<u>39,987</u>	<u>60,207</u>	<u>(20,426)</u>	<u>39,781</u>	<u>206</u>
<b>Deficiency of Revenues Under Expenditures</b>	<u>(3,233)</u>	<u>(3,233)</u>	<u>7,534</u>	<u>(10,533)</u>	<u>(2,999)</u>	<u>234</u>
<b>OTHER FINANCING SOURCES</b>						
Proceeds from refunding bond issue	-	-	11,220	(11,220)	-	-
Amount used to fund escrow account	-	-	(12,913)	12,913	-	-
Bond premium	-	-	1,495	(1,495)	-	-
Transfers in	3,027	3,027	2,926	142	3,068	41
Transfers out	-	-	(251)	251	-	-
<b>Total Other Financing Sources</b>	<u>3,027</u>	<u>3,027</u>	<u>2,477</u>	<u>591</u>	<u>3,068</u>	<u>41</u>
<b>Net Change In Fund Balances</b>	<u>(206)</u>	<u>(206)</u>	<u>10,011</u>	<u>(9,942)</u>	<u>69</u>	<u>275</u>
<b>Fund Balances - Beginning</b>	<u>48,685</u>	<u>48,685</u>	<u>48,685</u>	<u>-</u>	<u>48,685</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 48,479</u>	<u>\$ 48,479</u>	<u>\$ 58,696</u>	<u>\$ (9,942)</u>	<u>\$ 48,754</u>	<u>\$ 275</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 STREET MAINTENANCE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (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>
<b>REVENUES</b>						
Taxes	\$ 11,403	\$ 11,403	\$ 11,809	\$ -	\$ 11,809	\$ 406
Interest revenue	400	400	173	-	173	(227)
Net decrease in the fair value of investments	-	-	(23)	-	(23)	(23)
Other revenue	-	-	39	-	39	39
<b>Total Revenues</b>	<u>11,803</u>	<u>11,803</u>	<u>11,998</u>	<u>-</u>	<u>11,998</u>	<u>195</u>
<b>EXPENDITURES</b>						
Current-						
Public works	19,256	21,256	13,292	5,806	19,098	2,158
<b>Total Expenditures</b>	<u>19,256</u>	<u>21,256</u>	<u>13,292</u>	<u>5,806</u>	<u>19,098</u>	<u>2,158</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(7,453)</u>	<u>(9,453)</u>	<u>(1,294)</u>	<u>(5,806)</u>	<u>(7,100)</u>	<u>2,353</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	5,730	5,730	5,589	-	5,589	(141)
Transfers out	-	-	(410)	-	(410)	(410)
<b>Total Other Financing Sources</b>	<u>5,730</u>	<u>5,730</u>	<u>5,179</u>	<u>-</u>	<u>5,179</u>	<u>(551)</u>
<b>Net Change In Fund Balances</b>	<u>(1,723)</u>	<u>(3,723)</u>	<u>3,885</u>	<u>(5,806)</u>	<u>(1,921)</u>	<u>1,802</u>
<b>Fund Balances - Beginning</b>	<u>14,124</u>	<u>14,124</u>	<u>14,124</u>	<u>-</u>	<u>14,124</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 12,401</u>	<u>\$ 10,401</u>	<u>\$ 18,009</u>	<u>\$ (5,806)</u>	<u>\$ 12,203</u>	<u>\$ 1,802</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 PARK PERFORMANCE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (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>
<b>REVENUES</b>						
Service charges	\$ 8,784	\$ 8,784	\$ 8,267	\$ -	\$ 8,267	\$ (517)
Other	-	-	289	-	289	289
Interest revenue	-	-	13	-	13	13
<b>Total Revenues</b>	<u>8,784</u>	<u>8,784</u>	<u>8,569</u>	<u>-</u>	<u>8,569</u>	<u>(215)</u>
<b>EXPENDITURES</b>						
Current-						
Parks and recreation	11,510	11,510	10,284	173	10,457	1,053
<b>Total Expenditures</b>	<u>11,510</u>	<u>11,510</u>	<u>10,284</u>	<u>173</u>	<u>10,457</u>	<u>1,053</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(2,726)</u>	<u>(2,726)</u>	<u>(1,715)</u>	<u>(173)</u>	<u>(1,888)</u>	<u>838</u>
<b>OTHER FINANCING USES</b>						
Transfers in	2,745	2,745	2,233	-	2,233	(512)
Transfers out	(427)	(427)	-	-	-	427
<b>Total Other Financing Uses</b>	<u>2,318</u>	<u>2,318</u>	<u>2,233</u>	<u>-</u>	<u>2,233</u>	<u>(85)</u>
<b>Net Change In Fund Balances</b>	<u>(408)</u>	<u>(408)</u>	<u>518</u>	<u>(173)</u>	<u>345</u>	<u>753</u>
<b>Fund Balances - Beginning</b>	<u>801</u>	<u>801</u>	<u>801</u>	<u>-</u>	<u>801</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 393</u>	<u>\$ 393</u>	<u>\$ 1,319</u>	<u>\$ (173)</u>	<u>\$ 1,146</u>	<u>\$ 753</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 CONVENTION AND EVENT SERVICES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (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>
<b>REVENUES</b>						
Taxes	\$ 5,000	\$ 5,000	\$ 5,220	\$ -	\$ 5,220	\$ 220
Service charges	2,506	2,506	2,788	-	2,788	282
Interest revenue	50	50	14	-	14	(36)
Net increase in the fair value of investments	-	-	10	-	10	10
Other	6	6	5	-	5	(1)
<b>Total Revenues</b>	<u>7,562</u>	<u>7,562</u>	<u>8,037</u>	<u>-</u>	<u>8,037</u>	<u>475</u>
<b>EXPENDITURES</b>						
Current-						
Convention & event services	6,515	6,515	6,321	(158)	6,163	352
<b>Total Expenditures</b>	<u>6,515</u>	<u>6,515</u>	<u>6,321</u>	<u>(158)</u>	<u>6,163</u>	<u>352</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>1,047</u>	<u>1,047</u>	<u>1,716</u>	<u>158</u>	<u>1,874</u>	<u>827</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(1,381)	(1,381)	(1,280)	(101)	(1,381)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,381)</u>	<u>(1,381)</u>	<u>(1,280)</u>	<u>(101)</u>	<u>(1,381)</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<u>(334)</u>	<u>(334)</u>	<u>436</u>	<u>57</u>	<u>493</u>	<u>827</u>
<b>Fund Balances - Beginning</b>	<u>1,196</u>	<u>1,196</u>	<u>1,196</u>	<u>-</u>	<u>1,196</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 862</u>	<u>\$ 862</u>	<u>\$ 1,632</u>	<u>\$ 57</u>	<u>\$ 1,689</u>	<u>\$ 827</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON STATEMENT  
WATER AND SEWER FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
<b>REVENUES</b>						
Water sales	\$ 58,211	\$ 58,211	\$ 57,459	\$ (803)	\$ 56,656	\$ (1,555)
Sewer service	48,250	48,250	44,890	(139)	44,751	(3,499)
Sundry	4,365	4,365	5,451	(6)	5,445	1,080
Total Operating Revenues	<u>110,826</u>	<u>110,826</u>	<u>107,800</u>	<u>(948)</u>	<u>106,852</u>	<u>(3,974)</u>
<b>EXPENDITURES</b>						
Purchases of water	\$ 15,186	\$ 15,186	\$ 13,676	\$ -	\$ 13,676	\$ 1,510
Purchase of sewage treatment	22,658	22,658	20,873	-	20,873	1,785
Salaries and wages	12,224	12,224	11,286	102	11,388	836
Employees' retirement	1,852	1,852	1,799	-	1,799	53
Supplies	5,017	5,017	2,955	130	3,085	1,932
Maintenance and repairs	3,099	3,099	2,780	71	2,851	248
Utilities	3,862	3,862	3,162	-	3,162	700
Franchise fees	6,371	6,371	-	6,205	6,205	166
Payment in lieu of taxes	3,524	3,524	-	3,524	3,524	-
Depreciation	-	-	13,129	(13,129)	-	-
Miscellaneous services	5,197	5,197	4,199	444	4,643	554
Total Operating Expenses	<u>78,990</u>	<u>78,990</u>	<u>73,859</u>	<u>(2,653)</u>	<u>71,206</u>	<u>7,784</u>
Operating Income	<u>31,836</u>	<u>31,836</u>	<u>33,941</u>	<u>1,705</u>	<u>35,646</u>	<u>3,810</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	1,400	1,400	791	98	889	(511)
Net increase (decrease) in the fair value of investments	-	-	(44)	44	-	-
Interest expense and fiscal charges	(16,510)	(16,510)	(1,170)	(12,979)	(14,149)	2,361
Total Nonoperating Revenues (Expenses)	<u>(15,110)</u>	<u>(15,110)</u>	<u>(423)</u>	<u>(12,837)</u>	<u>(13,260)</u>	<u>1,850</u>
Income before operating transfers and contributions	<u>16,726</u>	<u>16,726</u>	<u>33,518</u>	<u>(11,132)</u>	<u>22,386</u>	<u>5,660</u>
Contributions in aid of construction	-	-	1,388	(1,388)	-	-
Transfers out	(17,898)	(17,898)	(13,173)	(7,391)	(20,564)	(2,666)
Change in net assets	(1,172)	(1,172)	21,733	(19,911)	1,822	2,994
Total net assets-beginning	498,065	498,065	498,065	-	498,065	-
Total net assets-ending	<u>\$ 496,893</u>	<u>\$ 496,893</u>	<u>\$ 519,798</u>	<u>\$ (19,911)</u>	<u>\$ 499,887</u>	<u>\$ 2,994</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON STATEMENT  
STORM WATER UTILITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
<b>REVENUES</b>						
Storm water fee- commercial	\$ 3,803	\$ 3,803	\$ 3,976	\$ (51)	\$ 3,925	\$ 122
Storm water fee- residential	4,757	4,757	4,726	(68)	4,658	(99)
Total Operating Revenues	<u>8,560</u>	<u>8,560</u>	<u>8,702</u>	<u>(119)</u>	<u>8,583</u>	<u>23</u>
<b>EXPENDITURES</b>						
Salaries and wages	\$ 1,298	\$ 1,298	\$ 1,190	\$ 1	\$ 1,191	\$ 107
Employees' retirement	196	196	193	-	193	3
Supplies	54	54	41	77	118	(64)
Maintenance and repairs	216	216	172	(2)	170	46
Utilities	11	11	4	-	4	7
Depreciation	-	-	1,659	(1,659)	-	-
Miscellaneous services	974	974	758	123	881	93
Total Operating Expenses	<u>2,749</u>	<u>2,749</u>	<u>4,017</u>	<u>(1,460)</u>	<u>2,557</u>	<u>192</u>
Operating Income	<u>5,811</u>	<u>5,811</u>	<u>4,685</u>	<u>1,341</u>	<u>6,026</u>	<u>215</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	75	75	104	-	104	29
Net increase (decrease) in the fair value of investments	-	-	3	(3)	-	-
Total Nonoperating Revenues (Expenses)	<u>75</u>	<u>75</u>	<u>107</u>	<u>(3)</u>	<u>104</u>	<u>29</u>
Income before operating transfers and contributions	<u>5,886</u>	<u>5,886</u>	<u>4,792</u>	<u>1,338</u>	<u>6,130</u>	<u>244</u>
Transfers out	<u>(6,087)</u>	<u>(6,087)</u>	<u>(520)</u>	<u>(5,280)</u>	<u>(5,800)</u>	<u>287</u>
Change in net assets	<u>(201)</u>	<u>(201)</u>	<u>4,272</u>	<u>(3,942)</u>	<u>330</u>	<u>531</u>
Total net assets-beginning	<u>61,483</u>	<u>61,483</u>	<u>61,483</u>	<u>-</u>	<u>61,483</u>	<u>-</u>
Total net assets-ending	<u>\$ 61,282</u>	<u>\$ 61,282</u>	<u>\$ 65,755</u>	<u>\$ (3,942)</u>	<u>\$ 61,813</u>	<u>\$ 531</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, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 190	\$ 3,091	\$ 2,916
Investments	-	-	4,065
Receivables (net of allowances for uncollectibles)			
Trade accounts	-	213	-
Accrued interest	-	-	13
Inventory of supplies, at cost	70	2	-
<b>Total Current Assets</b>	<u>260</u>	<u>3,306</u>	<u>6,994</u>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
Buildings and improvements	-	467	-
Machinery and equipment	1,253	37,684	-
Less accumulated depreciation	(1,076)	(27,168)	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<u>177</u>	<u>10,983</u>	<u>-</u>
<b>Total Assets</b>	<u>437</u>	<u>14,289</u>	<u>6,994</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	127	123	119
Estimated claims payable	-	-	1,571
Accrued compensated absences	5	-	-
Capital lease obligation	191	-	-
<b>Total Current Liabilities</b>	<u>323</u>	<u>123</u>	<u>1,690</u>
<b>Noncurrent Liabilities:</b>			
Estimated claims payable	-	-	857
Accrued compensated absences	114	4	-
<b>Total Noncurrent Liabilities</b>	<u>114</u>	<u>4</u>	<u>857</u>
<b>Total Liabilities</b>	<u>437</u>	<u>127</u>	<u>2,547</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(14)	10,983	-
Unrestricted	14	3,179	4,447
<b>Total Net Assets</b>	<u>\$ -</u>	<u>\$ 14,162</u>	<u>\$ 4,447</u>

<u>Technology Services</u>	<u>Workers' Compensation</u>	<u>Group Health</u>	<u>Total</u>
\$ 2,289	\$ 7,431	\$ 5,159	\$ 21,076
-	-	-	4,065
-	-	-	213
-	-	-	13
-	-	-	72
<u>2,289</u>	<u>7,431</u>	<u>5,159</u>	<u>25,439</u>
-	-	-	467
1,379	-	-	40,316
<u>(998)</u>	<u>-</u>	<u>-</u>	<u>(29,242)</u>
381	-	-	11,541
<u>2,670</u>	<u>7,431</u>	<u>5,159</u>	<u>36,980</u>
127	13	8	517
-	1,831	1,814	5,216
3	-	-	8
-	-	-	191
<u>130</u>	<u>1,844</u>	<u>1,822</u>	<u>5,932</u>
-	3,412	-	4,269
170	-	-	288
<u>170</u>	<u>3,412</u>	<u>-</u>	<u>4,557</u>
<u>300</u>	<u>5,256</u>	<u>1,822</u>	<u>10,489</u>
381	-	-	11,350
1,989	2,175	3,337	15,141
<u>\$ 2,370</u>	<u>\$ 2,175</u>	<u>\$ 3,337</u>	<u>\$ 26,491</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, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
<b>OPERATING REVENUES:</b>			
Service charges	\$ 2,028	\$ 6,058	\$ 14
Sundry	-	198	-
<b>Total Operating Revenues</b>	<u>2,028</u>	<u>6,256</u>	<u>14</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	585	92	-
Employees' retirement	91	13	-
Supplies	1,128	2,190	-
Maintenance and repairs	91	81	-
Utilities	8	50	-
Claims (net of adjustments)	-	-	(173)
Legal and professional	-	-	340
Depreciation	181	3,536	-
Miscellaneous services	178	2,351	83
<b>Total Operating Expenses</b>	<u>2,262</u>	<u>8,313</u>	<u>250</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(234)</u>	<u>(2,057)</u>	<u>(236)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest revenue	-	-	68
Net increase (decrease) in the fair value of investments	-	-	45
Gain on sale of assets	-	138	-
Interest expense and fiscal charges	(26)	-	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>(26)</u>	<u>138</u>	<u>113</u>
<b>Income (Loss) Before Transfers</b>	(260)	(1,919)	(123)
<b>Transfers In</b>	-	924	1,070
<b>Transfers Out</b>	-	-	-
<b>Change In Net Assets</b>	<u>(260)</u>	<u>(995)</u>	<u>947</u>
<b>Total Net Assets, October 1</b>	260	15,157	3,500
<b>Total Net Assets, September 30</b>	<u>\$ -</u>	<u>\$ 14,162</u>	<u>\$ 4,447</u>

<b>Technology Services</b>	<b>Workers' Compensation</b>	<b>Group Health</b>	<b>Total</b>
\$ 6,041	\$ 2,516	\$ 14,209	\$ 30,866
-	-	-	198
<u>6,041</u>	<u>2,516</u>	<u>14,209</u>	<u>31,064</u>
1,500	-	-	2,177
251	-	-	355
166	-	-	3,484
2,618	-	-	2,790
400	-	-	458
-	1,475	18,118	19,420
-	405	433	1,178
181	-	-	3,898
831	2	-	3,445
<u>5,947</u>	<u>1,882</u>	<u>18,551</u>	<u>37,205</u>
<u>94</u>	<u>634</u>	<u>(4,342)</u>	<u>(6,141)</u>
-	94	58	220
-	(27)	(24)	(6)
-	-	-	138
-	-	-	(26)
<u>-</u>	<u>67</u>	<u>34</u>	<u>326</u>
94	701	(4,308)	(5,815)
-	-	2,446	4,440
-	(1,000)	-	(1,000)
<u>94</u>	<u>(299)</u>	<u>(1,862)</u>	<u>(2,375)</u>
2,276	2,474	5,199	28,866
<u>\$ 2,370</u>	<u>\$ 2,175</u>	<u>\$ 3,337</u>	<u>\$ 26,491</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority	Technology Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 2,028	\$ 6,190	\$ 14	\$ 6,041
Cash payments to suppliers	(1,327)	(4,682)	(464)	(3,994)
Cash payments to employees	(662)	(101)	-	(1,742)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>39</u>	<u>1,407</u>	<u>(450)</u>	<u>305</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	924	1,070	-
Transfers out	-	-	-	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<u>-</u>	<u>924</u>	<u>1,070</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(2,165)	-	-
Principal payments on capital lease	(208)	-	-	(28)
Interest payments on capital lease	(26)	-	-	-
Proceeds from sales of capital assets	-	186	-	-
<b>Net Cash Used For Capital and Related Financing Activities</b>	<u>(234)</u>	<u>(1,979)</u>	<u>-</u>	<u>(28)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from interest earnings	-	-	79	-
Net increase (decrease) in the fair value of investments	-	-	45	-
Purchase of investments	-	-	(4,000)	-
Maturities/sales of investments	-	-	3,034	-
<b>Net Cash Provided By (Used For) Investing Activities</b>	<u>-</u>	<u>-</u>	<u>(842)</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(195)	352	(222)	277
Cash and cash equivalents at October 1	385	2,739	3,138	2,012
Cash and cash equivalents at September 30	<u>\$ 190</u>	<u>\$ 3,091</u>	<u>\$ 2,916</u>	<u>\$ 2,289</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>				
<b>Operating Income (Loss)</b>	<u>\$ (234)</u>	<u>\$ (2,057)</u>	<u>\$ (236)</u>	<u>\$ 94</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	181	3,536	-	181
(Increase) decrease in-				
Receivables	-	(66)	-	-
Inventory of supplies	4	7	-	-
Prepaid expenses	-	-	-	-
Increase (decrease) in-				
Accounts payable and accrued liabilities	63	(17)	106	21
Estimated claims payable	-	-	(320)	-
Accrued compensated absences	25	4	-	9
Total adjustments	<u>273</u>	<u>3,464</u>	<u>(214)</u>	<u>211</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>\$ 39</u>	<u>\$ 1,407</u>	<u>\$ (450)</u>	<u>\$ 305</u>

<u>Workers' Compensation</u>	<u>Group Health</u>	<u>Totals</u>
\$ 2,516	\$ 14,209	\$ 30,998
(1,932)	(18,436)	(30,835)
-	-	(2,505)
<u>584</u>	<u>(4,227)</u>	<u>(2,342)</u>
-	2,446	4,440
(1,000)	-	(1,000)
<u>(1,000)</u>	<u>2,446</u>	<u>3,440</u>
-	-	(2,165)
-	-	(236)
-	-	(26)
-	-	186
<u>-</u>	<u>-</u>	<u>(2,241)</u>
94	58	231
(27)	(24)	(6)
-	-	(4,000)
-	-	3,034
<u>67</u>	<u>34</u>	<u>(741)</u>
(349)	(1,747)	(1,884)
7,780	6,906	22,960
<u>\$ 7,431</u>	<u>\$ 5,159</u>	<u>\$ 21,076</u>
\$ 634	\$ (4,342)	\$ (6,141)
-	-	3,898
-	-	(66)
-	-	11
154	-	154
(141)	(5)	27
(63)	120	(263)
-	-	38
<u>(50)</u>	<u>115</u>	<u>3,799</u>
<u>\$ 584</u>	<u>\$ (4,227)</u>	<u>\$ (2,342)</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, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Part-Time Deferred Income Trust</b>	<b>Thrift Savings Plan</b>	<b>Disability Income Plan</b>	<b>Total</b>
<b>ASSETS</b>				
Investments:				
Money market fund	\$ 71	\$ 27,220	\$ 21	\$ 27,312
Corporate bonds	1,105	-	454	1,559
Fixed income mutual funds	746	10,700	310	11,756
Common stock mutual funds	188	48,410	76	48,674
Balanced mutual funds	-	13,343	-	13,343
Participant borrowing	-	5,041	-	5,041
Self-directed brokerage accounts	-	2,506	-	2,506
Total investments	<u>2,110</u>	<u>107,220</u>	<u>861</u>	<u>110,191</u>
<b>Total Assets</b>	<u><u>\$ 2,110</u></u>	<u><u>\$ 107,220</u></u>	<u><u>\$ 861</u></u>	<u><u>\$ 110,191</u></u>
<b>LIABILITIES</b>				
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>				
Held in trust for employee benefits	<u><u>\$ 2,110</u></u>	<u><u>\$ 107,220</u></u>	<u><u>\$ 861</u></u>	<u><u>\$ 110,191</u></u>

**CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Payroll</u>	<u>Escrow Fund</u>	<u>Escheat Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,034	\$ 3,870	\$ 218	\$ 7,122
Investments:				
Common stock mutual funds	153	-	-	153
<b>Total Assets</b>	<u>\$ 3,187</u>	<u>\$ 3,870</u>	<u>\$ 218</u>	<u>\$ 7,275</u>
 <b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 3,034	\$ 3,870	\$ 218	\$ 7,122
IRC 401 deferred compensation plans	153	-	-	153
<b>Total Liabilities</b>	<u>\$ 3,187</u>	<u>\$ 3,870</u>	<u>\$ 218</u>	<u>\$ 7,275</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds			Total
	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	
<b>ADDITIONS</b>				
Employer contributions	\$ 81	\$ 2,490	\$ 374	\$ 2,945
Employee contributions	75	5,952	-	6,027
Net appreciation in fair value of investments	200	10,320	78	10,598
<b>Total Additions</b>	<u>356</u>	<u>18,762</u>	<u>452</u>	<u>19,570</u>
<b>DEDUCTIONS</b>				
Benefits	91	8,607	241	8,939
Plan administration	34	24	11	69
<b>Total Deductions</b>	<u>125</u>	<u>8,631</u>	<u>252</u>	<u>9,008</u>
<b>Increase in Net Assets</b>	231	10,131	200	10,562
<b>Net Assets, October 1</b>	1,879	97,089	661	99,629
<b>Net Assets, September 30</b>	<u>\$ 2,110</u>	<u>\$ 107,220</u>	<u>\$ 861</u>	<u>\$ 110,191</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Balance October 1, 2009	Additions	Deductions	Balance September 30, 2010
<b>PAYROLL FUND</b>				
Assets				
Cash and cash equivalents	\$ 3,315	\$ 292,531	\$ 292,812	\$ 3,034
Investments	267	-	114	153
Total assets	<u>\$ 3,582</u>	<u>\$ 292,531</u>	<u>\$ 292,926</u>	<u>\$ 3,187</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 3,315	\$ 292,531	\$ 292,812	\$ 3,034
Accounts payable and accrued liabilities - IRC 401 defined contribution	267	-	114	153
Total liabilities	<u>\$ 3,582</u>	<u>\$ 292,531</u>	<u>\$ 292,926</u>	<u>\$ 3,187</u>
<b>ESCROW FUND</b>				
Assets				
Cash and cash equivalents	\$ 6,508	\$ 7,645	\$ 10,283	\$ 3,870
Total assets	<u>\$ 6,508</u>	<u>\$ 7,645</u>	<u>\$ 10,283</u>	<u>\$ 3,870</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 6,508	\$ 7,645	\$ 10,283	\$ 3,870
Total liabilities	<u>\$ 6,508</u>	<u>\$ 7,645</u>	<u>\$ 10,283</u>	<u>\$ 3,870</u>
<b>ESCHEAT FUND</b>				
Assets				
Cash and cash equivalents	\$ 265	\$ 63	\$ 110	\$ 218
Total assets	<u>\$ 265</u>	<u>\$ 63</u>	<u>\$ 110</u>	<u>\$ 218</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 265	\$ 63	\$ 110	\$ 218
Total liabilities	<u>\$ 265</u>	<u>\$ 63</u>	<u>\$ 110</u>	<u>\$ 218</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and cash equivalents	\$ 10,088	\$ 300,239	\$ 303,205	\$ 7,122
Investments	267	-	114	153
Total assets	<u>\$ 10,355</u>	<u>\$ 300,239</u>	<u>\$ 303,319</u>	<u>\$ 7,275</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 10,088	\$ 300,239	\$ 303,205	\$ 7,122
Accounts payable and accrued liabilities - IRC 401 defined contribution	267	-	114	153
Total Liabilities	<u>\$ 10,355</u>	<u>\$ 300,239</u>	<u>\$ 303,319</u>	<u>\$ 7,275</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. The AHA issues separate financial statements.

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

**ARLINGTON TOMORROW FOUNDATION** - The purpose of the Arlington Tomorrow Foundation is to oversee an endowment fund created by natural gas revenues to be used for the benefit of the Arlington community.

**ARLINGTON HOUSING FINANCE CORPORATION** - The purpose of the Arlington Housing Finance Corporation (AHFC) is to provide financial assistance to low income, multi-family residences and single-family homebuyers within the City.

**ARLINGTON 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, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Arlington Sports Facilities Development Authority, Inc.</u>	<u>Arlington Housing Authority</u>	<u>Arlington Convention and Visitors Bureau, Inc.</u>	<u>Arlington Tomorrow Foundation</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ -	\$ 4,274	\$ 345	\$ 11,621
Investments	-	3,013	-	56,966
Receivables (net of allowances for uncollectibles):				
Grants	-	50	-	46
Accrued interest	-	10	-	632
Other	-	364	-	-
Prepaid expenses	-	12	10	-
<b>Total Current Assets</b>	<u>-</u>	<u>7,723</u>	<u>355</u>	<u>69,265</u>
<b>Non-Current Assets:</b>				
Capital Assets-				
Buildings and improvements	-	563	-	-
Machinery and equipment	-	354	659	-
Accumulated depreciation	-	(408)	(518)	-
<b>Total Non-Current Assets</b>	<u>-</u>	<u>509</u>	<u>141</u>	<u>-</u>
<b>Total Assets</b>	<u>-</u>	<u>8,232</u>	<u>496</u>	<u>69,265</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	-	681	146	8
Deferred revenue	-	12	28	3,041
<b>Total Liabilities</b>	<u>-</u>	<u>693</u>	<u>174</u>	<u>3,049</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	509	141	-
Restricted for endowments	-	-	-	66,216
Restricted for Housing Assistance	-	2,195	-	-
Unrestricted	-	4,835	181	-
<b>Total Net Assets</b>	<u>\$ -</u>	<u>\$ 7,539</u>	<u>\$ 322</u>	<u>\$ 66,216</u>

<u>Arlington Housing Finance Corporation</u>	<u>Arlington Industrial Development Corporation</u>	<u>Total</u>
\$ 363	\$ 3	\$ 16,606
-	-	59,979
-	-	96
-	-	642
-	-	364
-	-	22
363	3	77,709
-	-	563
-	-	1,013
-	-	(926)
-	-	650
363	3	78,359
-	-	835
-	-	3,081
-	-	3,916
-	-	650
-	-	66,216
-	-	2,195
363	3	5,382
\$ 363	\$ 3	\$ 74,443

**CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF ACTIVITIES  
 DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

Program Revenues

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Component Units:</b>				
Arlington Sports Facilities Development Authority, Inc	\$ 30,810	\$ 534	\$ -	\$ -
Arlington Housing Authority	27,258	-	27,295	-
Arlington Convention & Visitors Bureau, Inc.	3,719	3,719	-	-
Arlington Tomorrow Foundation	1,550	-	-	-
Arlington Housing Finance Corporation	121	-	78	-
<b>Total Component Units</b>	<u>\$ 63,458</u>	<u>\$ 4,253</u>	<u>\$ 27,373</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**

<b>Arlington Sports Facilities Development Authority, Inc.</b>	<b>Arlington Housing Authority</b>	<b>Arlington Convention &amp; Visitors Bureau</b>	<b>Arlington Tomorrow Foundation</b>	<b>Arlington Housing Finance Corporation</b>	<b>Arlington Industrial Development Corporation</b>	<b>Total</b>
\$ (30,276)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (30,276)
-	37	-	-	-	-	37
-	-	-	(1,550)	-	-	(1,550)
-	-	-	-	(43)	-	(43)
<u>\$ (30,276)</u>	<u>\$ 37</u>	<u>\$ -</u>	<u>\$ (1,550)</u>	<u>\$ (43)</u>	<u>\$ -</u>	<u>\$ (31,832)</u>
\$ 1,238	\$ 62	\$ -	\$ 1,634	\$ 5	\$ -	\$ 2,939
-	2,129	-	9,982	-	-	12,111
(2)	-	-	3,599	(2)	-	3,595
<u>1,236</u>	<u>2,191</u>	<u>-</u>	<u>15,215</u>	<u>3</u>	<u>-</u>	<u>18,645</u>
<u>(29,040)</u>	<u>2,228</u>	<u>-</u>	<u>13,665</u>	<u>(40)</u>	<u>-</u>	<u>(13,187)</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>
<u>\$ -</u>	<u>\$ 7,539</u>	<u>\$ 322</u>	<u>\$ 66,216</u>	<u>\$ 363</u>	<u>\$ 3</u>	<u>\$ 74,443</u>

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Arlington Sports Facilities Development Authority</b>	<b>Arlington Tomorrow Foundation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,400	\$ -
Cash received from gas leases	-	9,317
Cash payments to suppliers	(44)	(55)
Cash payments to employees	-	(160)
Cash payments to grantees	-	(1,337)
Cash payments for housing assistance	-	-
<b>Net Cash Provided By Operating Activities</b>	<u>1,356</u>	<u>7,765</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	-
Transfers out	(3,103)	-
<b>Net Cash Used For Noncapital Financing Activities</b>	<u>(3,103)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contribution	-	-
Principal payments on debt	-	-
<b>Net Cash Used For Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from interest earnings	1,238	1,625
Net increase (decrease) in the fair value of investments	(2)	3,599
Purchase of investments	-	(13,475)
Maturities/sales of investments	-	-
<b>Net Cash Provided By (Used for) Investing Activities</b>	<u>1,236</u>	<u>(8,251)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(511)	(486)
Cash and cash equivalents at October 1	511	12,107
Cash and cash equivalents at September 30	<u>\$ -</u>	<u>\$ 11,621</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>		
<b>Operating Income</b>	<u>\$ 435</u>	<u>\$ 8,432</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	55	-
Decrease in- Receivables	866	(44)
Increase (decrease) in- Accounts payable and accrued liabilities	-	-
Accrued compensated absences	-	(2)
Deferred revenue	-	(621)
Total adjustments	<u>921</u>	<u>(667)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 1,356</u>	<u>\$ 7,765</u>

Arlington Housing Finance Corporation	Arlington Industrial Development Corporation	Totals
\$ 78	\$ -	\$ 1,478
-	-	9,317
(121)	-	(220)
-	-	(160)
-	-	(1,337)
-	-	-
<u>(43)</u>	<u>-</u>	<u>9,078</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
5	-	2,868
(2)	-	3,595
-	-	(13,475)
-	-	-
<u>3</u>	<u>-</u>	<u>(7,012)</u>
(40)	-	(1,037)
403	3	13,024
<u>\$ 363</u>	<u>\$ 3</u>	<u>\$ 11,987</u>
\$ (43)	\$ -	\$ 8,824
-	-	55
-	-	822
-	-	-
-	-	(2)
-	-	(621)
-	-	254
<u>\$ (43)</u>	<u>\$ -</u>	<u>\$ 9,078</u>

**CITY OF ARLINGTON, TEXAS  
 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES  
 AS OF SEPTEMBER 30, 2010  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 208,407
Buildings	1,093,483
Improvements other than buildings	149,681
Machinery and equipment	37,224
Construction-in-progress	125,869
Infrastructure	<u>758,931</u>
<b>Total Governmental Funds Capital Assets</b>	<b><u><u>\$ 2,373,595</u></u></b>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:**

General fund	\$ 1,488,795
Capital Project Fund	<u>884,800</u>
<b>Total Governmental Funds Capital Assets</b>	<b><u><u>\$ 2,373,595</u></u></b>

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

Generally, the capital assets of internal service funds are included as governmental activities 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, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
<b>ADMINISTRATIVE:</b>					
Technology services	\$ 9,008	\$ -	\$ -	\$ -	\$ 9,008
Tax	6	-	-	-	6
City administration	1,219,744	127,710	1,027,779	59,438	4,817
Convention center	378	-	-	-	378
<b>Total Administration</b>	<u>1,229,136</u>	<u>127,710</u>	<u>1,027,779</u>	<u>59,438</u>	<u>14,209</u>
<b>OPERATIONS:</b>					
Fire	12,968	-	6,621	-	6,347
Municipal court	1,409	-	-	-	1,409
Police	32,436	654	21,490	-	10,292
Parks and recreation	169,893	64,522	20,779	82,818	1,774
Communication services	88	-	-	-	88
Airport	29,243	5,655	16,525	7,063	-
<b>Total Operations</b>	<u>246,037</u>	<u>70,831</u>	<u>65,415</u>	<u>89,881</u>	<u>19,910</u>
<b>DEVELOPMENT:</b>					
Community development	1,373	-	289	6	1,078
Engineering services	137	-	-	-	137
Transportation	12,112	9,866	-	356	1,890
<b>Total Development</b>	<u>13,622</u>	<u>9,866</u>	<u>289</u>	<u>362</u>	<u>3,105</u>
<b>Total Capital Assets</b>					
<b>Allocated to Functions</b>	<u>1,488,795</u>	<u>\$ 208,407</u>	<u>\$ 1,093,483</u>	<u>\$ 149,681</u>	<u>\$ 37,224</u>
<b>INFRASTRUCTURE</b>	<u>758,931</u>				
<b>CONSTRUCTION IN PROGRESS</b>	<u>125,869</u>				
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 2,373,595</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, 2010  
(AMOUNTS EXPRESSED IN THOUSANDS)**

<u>Function and Activity</u>	<u>Governmental Funds</u>			<u>Governmental Funds</u>
	<u>Capital Assets</u> <u>October 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets</u> <u>September 30, 2010</u>
<b>ADMINISTRATIVE:</b>				
Technology services	\$ 9,008	\$ -	\$ -	\$ 9,008
Tax	6	-	-	6
City administration	1,177,554	42,190	-	1,219,744
Convention center	378	-	-	378
<b>Total Administration</b>	<u>1,186,946</u>	<u>42,190</u>	<u>-</u>	<u>1,229,136</u>
<b>OPERATIONS:</b>				
Fire	9,736	3,270	(38)	12,968
Municipal court	1,409	-	-	1,409
Police	31,775	661	-	32,436
Parks and recreation	165,267	4,636	(10)	169,893
Communication services	88	-	-	88
Airport	28,418	2,928	(2,103)	29,243
<b>Total Operations</b>	<u>236,693</u>	<u>11,495</u>	<u>(2,151)</u>	<u>246,037</u>
<b>DEVELOPMENT:</b>				
Community development	1,373	-	-	1,373
Engineering services	137	-	-	137
Transportation	8,500	3,622	(10)	12,112
<b>Total Development</b>	<u>10,010</u>	<u>3,622</u>	<u>(10)</u>	<u>13,622</u>
<b>INFRASTRUCTURE</b>	<u>738,414</u>	<u>20,517</u>	<u>-</u>	<u>758,931</u>
<b>CONSTRUCTION IN PROGRESS</b>	<u>128,913</u>	<u>80,712</u>	<u>(83,756)</u>	<u>125,869</u>
Total Governmental Funds Capital Asset	<u>\$ 2,300,976</u>	<u>\$ 158,536</u>	<u>\$ (85,917)</u>	<u>\$ 2,373,595</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 Nine Fiscal Years  
(accrual basis of accounting)  
(Unaudited) (In Thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 357,316	\$ 321,615	\$ 317,946	\$ 408,969	\$ 510,287
Restricted (Debt Srvcs/Impact Fee/Endowments)	2,259	419	2,993	25,738	25,794
Unrestricted	28,636	78,838	98,332	49,571	67,341
Total governmental activities net assets	<u>\$ 388,211</u>	<u>\$ 400,872</u>	<u>\$ 419,271</u>	<u>\$ 484,278</u>	<u>\$ 603,422</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 307,741	\$ 325,159	\$ 350,885	\$ 380,515	\$ 409,452
Restricted	-	9,638	9,460	10,041	9,273
Unrestricted	67,329	58,105	58,862	20,061	21,519
Total business-type activities net assets	<u>\$ 375,070</u>	<u>\$ 392,902</u>	<u>\$ 419,207</u>	<u>\$ 410,617</u>	<u>\$ 440,244</u>
Primary government					
Invested in capital assets, net of related debt	\$ 665,057	\$ 646,774	\$ 668,831	\$ 789,484	\$ 919,739
Restricted (Debt Srvcs/Impact Fee)	2,259	10,057	12,453	35,779	35,067
Unrestricted	95,965	136,943	157,194	69,632	88,860
Total primary government net assets	<u>\$ 763,281</u>	<u>\$ 793,774</u>	<u>\$ 838,478</u>	<u>\$ 894,895</u>	<u>\$ 1,043,666</u>

**Source:** City of Arlington Financial and Management Resources

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

Table 1

Fiscal Year			
2007	2008	2009	2010
\$ 646,693	\$ 778,516	\$ 1,134,428	\$ 1,136,342
39,767	55,581	54,486	64,789
89,238	65,896	49,301	101,397
<u>\$ 775,698</u>	<u>\$ 899,993</u>	<u>\$ 1,238,215</u>	<u>\$ 1,302,528</u>
\$ 428,961	\$ 453,210	\$ 525,131	\$ 541,227
9,097	9,753	10,310	10,140
17,049	14,846	23,764	33,270
<u>\$ 455,107</u>	<u>\$ 477,809</u>	<u>\$ 559,205</u>	<u>\$ 584,637</u>
\$ 1,075,654	\$ 1,231,726	\$ 1,659,559	\$ 1,677,569
48,864	65,334	64,796	74,929
106,287	80,742	73,065	134,667
<u>\$ 1,230,805</u>	<u>\$ 1,377,802</u>	<u>\$ 1,797,420</u>	<u>\$ 1,887,165</u>

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

Table 2

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
Governmental activities:									
General government	\$ 34,330	\$ 28,511	\$ 30,646	\$ 26,906	\$ 31,812	\$ 34,120	\$ 43,788	\$ 40,403	\$ 70,517
Public safety	90,417	89,554	93,852	97,645	102,363	113,343	123,587	128,219	134,767
Public works	55,327	57,768	55,350	64,369	66,019	73,161	84,115	94,171	67,135
Public health	2,100	1,424	1,321	2,416	1,697	1,735	1,920	2,406	3,003
Parks and recreational	20,669	21,327	20,633	23,262	27,761	26,826	28,027	28,228	28,020
Public welfare	5,288	7,282	5,410	6,383	9,408	11,136	39,282	10,213	12,251
Convention and event services	5,426	5,478	5,347	5,435	5,094	5,628	6,533	6,299	6,321
Interest on long term debt	15,674	15,102	14,548	13,898	24,923	24,581	26,624	42,485	29,444
Total governmental activities expenses	\$ 229,231	\$ 226,446	\$ 227,107	\$ 240,314	\$ 269,077	\$ 290,530	\$ 353,876	\$ 352,424	\$ 351,458
Business-type activities:									
Water and sewer	68,106	68,282	67,232	65,220	74,516	72,945	71,929	77,130	75,602
Landfill	7,743	1,731	2,207	4,310	-	-	-	3,678	4,017
Total business-type activities expenses	\$ 75,849	\$ 70,013	\$ 69,439	\$ 69,530	\$ 74,516	\$ 72,945	\$ 71,929	\$ 80,808	\$ 79,619
Total primary government expenses	\$ 305,080	\$ 296,459	\$ 296,546	\$ 309,844	\$ 343,593	\$ 363,475	\$ 425,805	\$ 433,232	\$ 431,077
<b>Program Revenues</b>									
Governmental activities:									
Charges for services:									
General government	\$ 9,121	\$ 11,911	\$ 7,775	\$ 15,449	\$ 21,668	\$ 17,264	\$ 10,528	\$ 19,017	\$ 21,938
Public safety	7,966	8,068	9,145	6,851	8,206	8,052	13,998	16,440	17,429
Public works	8,341	4,395	6,059	3,001	3,025	3,052	5,898	1,116	1,322
Public health	227	65	1,093	65	71	78	2,692	2,707	2,980
Parks and recreational	8,190	6,636	7,161	8,243	8,558	8,456	9,529	9,835	8,879
Public welfare	-	-	14	-	-	-	-	179	204
Convention and event services	5,635	2,347	2,422	2,496	2,656	2,418	2,587	2,535	2,788
Operating grants and contributions	9,430	8,728	7,758	8,144	13,846	14,102	20,787	24,578	23,127
Capital grants and contributions	12,509	8,525	5,730	4,849	77,683	121,720	145,029	411,788	72,515
Total governmental activities program revenues	\$ 61,419	\$ 50,675	\$ 47,157	\$ 49,098	\$ 135,713	\$ 175,142	\$ 211,048	\$ 488,195	\$ 151,182
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	\$ 107,800
Storm water utility	-	-	-	-	-	-	-	\$ 6,920	\$ 8,702
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	1,388
Other	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	\$ 95,280	\$ 95,682	\$ 101,863	\$ 100,304	\$ 108,274	\$ 92,386	\$ 104,946	\$ 117,162	\$ 117,890
Total primary government program revenues	\$ 156,699	\$ 146,357	\$ 149,020	\$ 149,402	\$ 243,987	\$ 267,528	\$ 315,994	\$ 605,357	\$ 269,072

(continued)

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

Table 2

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Net (Expense) Revenue</b>									
Governmental activities	\$ (167,812)	\$ (175,771)	\$ (179,950)	\$ (191,216)	\$ (133,364)	\$ (115,388)	\$ (142,828)	\$ 135,771	\$ (200,276)
Business-type activities	19,431	25,669	32,424	30,774	33,758	19,441	33,017	36,354	38,271
Total Primary government net expense	<u>\$ (148,381)</u>	<u>\$ (150,102)</u>	<u>\$ (147,526)</u>	<u>\$ (160,442)</u>	<u>\$ (99,606)</u>	<u>\$ (95,947)</u>	<u>\$ (109,811)</u>	<u>\$ 172,125</u>	<u>\$ (162,005)</u>
<b>General Revenues</b>									
<b>and Other Changes in Net Assets</b>									
Governmental activities:									
Taxes:									
Property taxes	\$ 134,489	\$ 145,689	\$ 157,143	\$ 101,235	\$ 104,425	\$ 108,301	\$ 112,477	\$ 117,285	\$ 115,684
Sales taxes	-	-	-	60,476	76,483	79,781	81,385	80,193	81,517
Other taxes	-	-	-	7,286	8,319	9,249	10,447	10,978	12,793
Gas Lease	-	-	-	-	5,020	25,471	2,091	-	-
Franchise fees	29,667	29,181	29,321	28,928	31,140	29,145	25,994	25,038	25,769
Investment earnings	3,888	2,040	1,957	5,642	19,513	21,849	12,814	5,629	4,577
Net increase (decrease) in fair value	(380)	(10)	(355)	(1,244)	(293)	2,109	182	1,837	1,709
Other	3,585	2,278	3,045	4,900	1,469	5,239	9,271	4,769	8,847
Special Item	-	-	-	4,330	-	-	-	-	-
Transfers	4,705	9,254	7,238	40,563	6,432	6,520	12,462	(43,278)	13,693
Total governmental activities	<u>\$ 175,954</u>	<u>\$ 188,432</u>	<u>\$ 198,349</u>	<u>\$ 252,116</u>	<u>\$ 252,508</u>	<u>\$ 287,664</u>	<u>\$ 267,123</u>	<u>\$ 202,451</u>	<u>\$ 264,589</u>
Business-type activities:									
Investment earnings	\$ 2,394	\$ 1,456	\$ 1,287	\$ 1,255	\$ 2,175	\$ 1,685	\$ 2,196	\$ 1,581	\$ 895
Gain on sale/retirement of capital assets	(251)	(39)	(223)	(77)	126	257	(49)	183	(41)
Miscellaneous	-	-	55	21	-	-	-	54,556	-
Transfers	(4,705)	(9,254)	(7,238)	(40,563)	(6,432)	(6,520)	(12,462)	(11,278)	(13,693)
Total Business-type activities	<u>\$ (2,562)</u>	<u>\$ (7,837)</u>	<u>\$ (6,119)</u>	<u>\$ (39,364)</u>	<u>\$ (4,131)</u>	<u>\$ (4,578)</u>	<u>\$ (10,315)</u>	<u>\$ 45,042</u>	<u>\$ (12,839)</u>
Total primary government	<u>\$ 173,392</u>	<u>\$ 180,595</u>	<u>\$ 192,230</u>	<u>\$ 212,752</u>	<u>\$ 248,377</u>	<u>\$ 283,086</u>	<u>\$ 256,808</u>	<u>\$ 247,493</u>	<u>\$ 251,750</u>
<b>Change in Net Assets</b>									
Governmental activities	\$ 8,142	\$ 12,661	\$ 18,399	\$ 60,900	\$ 119,144	\$ 172,276	\$ 124,295	\$ 338,222	\$ 64,313
Business-type activities	16,869	17,832	26,305	(8,590)	29,627	14,863	22,702	81,396	25,432
Total primary government	<u>\$ 25,011</u>	<u>\$ 30,493</u>	<u>\$ 44,704</u>	<u>\$ 52,310</u>	<u>\$ 148,771</u>	<u>\$ 187,139</u>	<u>\$ 146,997</u>	<u>\$ 419,618</u>	<u>\$ 89,745</u>

(concluded)

Source: City of Arlington Financial and Management Resources

Note: The accrual-basis of financial reporting for the City of Arlington is 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					
	2001	2002	2003	2004	2005	2006
General fund						
Reserved for other						
Encumbrances	\$ 1,379	\$ 1,526	\$ 656	\$ 1,786	\$ 3,230	\$ 4,463
Inventory	336	279	112	113	254	240
Prepays	24	48	67	46	46	5
Street maintenance	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility rate case	500	500	500	500	500	500
Special transportation	-	-	-	-	-	-
Working capital	11,389	-	-	-	-	-
Net increase in fair value investment	-	-	-	-	-	-
Unreserved						
Telecommunications	357	754	102	329	274	-
Working capital	-	12,195	12,981	13,585	14,373	15,964
Subsequent years' expenditure	2,633	3,429	4,821	5,018	5,174	5,747
Arbitrage	-	824	320	38	12	33
Compensated absences	-	1,152	1,247	1,411	1,125	1,280
Other post employment benefits	-	-	-	1,718	1,718	1,718
Landfill lease proceeds/future initiatives	-	-	-	-	19,887	20,573
Infrastructure	-	-	-	-	-	-
Dispatch	-	-	-	-	-	-
Gas lease proceeds	-	-	-	-	-	5,020
Designated for group health	-	-	-	-	-	-
Business continuity	-	-	-	-	-	-
Undesignated	3,041	-	-	773	5,464	10,571
Total general fund	<u>\$ 19,659</u>	<u>\$ 20,707</u>	<u>\$ 20,806</u>	<u>\$ 25,317</u>	<u>\$ 52,057</u>	<u>\$ 66,114</u>
All Other Governmental Funds						
Reserved for other						
Encumbrances	\$ 31,219	\$ 22,115	\$ 17,241	\$ 7,514	\$ 21,577	\$ 36,592
Debt services	1,740	2,259	2,538	2,993	20,216	20,639
Inventory	-	-	-	-	-	-
Prepays	-	3	3	36,476	185	179
Capital maintenance	253	468	253	-	-	-
Capital projects	36,854	40,587	50,867	26,727	318,632	280,316
Street maintenance	1,356	379	394	482	1,709	3,899
Capital outlay	624	229	442	-	-	-
Court technology	-	-	-	292	162	29
Court security	-	-	-	-	224	111
Juvenile case manager	-	-	-	-	-	40
Net increase in fair value investment	-	-	-	-	-	-
Unreserved						
Special revenue funds						
Working capital-other nonmajor fund	-	-	5,597	3,998	2,045	2,045
Hotel Feasibility	-	-	-	-	-	-
Central Plaza	-	-	-	-	-	-
Capital maintenance	-	-	-	54,474	161	18
Neighborhood grants	-	-	-	-	-	-
Innovation/venture	-	-	-	-	-	-
Land	-	-	-	-	-	-
Reimbursement	-	-	-	-	-	-
Undesignated	1,148	2,487	-	161	3,348	1,639
Total all other governmental funds	<u>\$ 73,194</u>	<u>\$ 68,527</u>	<u>\$ 77,335</u>	<u>\$ 133,117</u>	<u>\$ 368,259</u>	<u>\$ 345,507</u>

Source: City of Arlington Financial and Management Resources

Table 3

Fiscal Year			
2007	2008	2009	2010
\$ 6,351	\$ 6,074	\$ 3,780	\$ 4,316
574	600	583	1,163
35	2	252	-
-	-	-	-
-	-	-	-
500	500	500	500
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
16,232	16,512	16,219	16,218
5,843	5,944	5,839	5,839
184	288	193	75
1,261	1,556	1,464	1,312
1,718	1,718	1,718	1,718
21,030	21,487	21,487	21,487
1,000	1,000	-	-
-	-	137	422
-	-	-	-
-	-	2,446	3,001
-	-	-	6,889
-	-	-	-
5,618	508	3,663	3,627
<u>\$ 60,346</u>	<u>\$ 56,189</u>	<u>\$ 58,281</u>	<u>\$ 66,567</u>
\$ 25,665	\$ 48,911	\$ 33,953	\$ 36,931
34,173	50,274	48,685	58,696
197	217	206	230
1	-	-	-
-	-	-	-
156,064	53,952	22,255	66,177
3,568	6,382	5,763	3,841
-	-	-	-
188	83	162	391
-	-	-	55
83	150	228	311
-	-	-	-
2,045	2,045	2,045	2,045
-	400	200	200
150	-	-	-
311	461	611	486
-	455	389	301
-	2,182	1,728	1,775
-	-	-	489
-	1,425	1,833	7,510
33,844	9,200	2,926	7,464
<u>\$ 256,289</u>	<u>\$ 176,137</u>	<u>\$ 120,984</u>	<u>\$ 186,902</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>REVENUES:</b>				
Taxes:	\$ 131,167	\$ 134,429	\$ 145,239	\$ 156,958
Licenses and permits	3,498	3,837	3,833	4,160
Franchise fees	31,201	29,635	29,163	29,371
Fines and forfeitures	5,919	6,787	7,475	7,318
Leases, rents, and concessions	866	3,548	2,908	3,026
Service charges	24,925	24,479	19,424	19,424
Investment income	5,773	3,331	1,931	1,550
Net increase (decrease) in fair value of investment	-	-	-	-
Contributions	1,956	4,078	2,358	2,653
Intergovernmental	11,363	17,229	14,895	10,426
Gas lease	-	-	-	-
Miscellaneous	2,678	3,238	2,135	2,596
Total Revenues	<u>\$ 219,346</u>	<u>\$ 230,591</u>	<u>\$ 229,361</u>	<u>\$ 237,482</u>
<b>EXPENDITURES:</b>				
General government	26,370	28,393	28,433	30,148
Public safety	80,015	91,606	90,934	95,499
Public works	25,031	59,756	27,874	27,535
Public health	1,928	1,999	1,239	1,252
Public welfare	3,549	6,311	3,585	5,546
Parks and recreational	21,617	29,981	18,565	21,865
Convention and event services	-	5,426	5,471	5,312
Operating expenditures	5,374	-	-	-
Capital outlay	39,960	-	38,362	24,169
Debt Service:				
Principal retirement	26,730	27,860	27,420	28,270
Interest and fiscal charges	15,920	15,663	15,186	14,637
Bond issuance cost	-	-	133	-
Total expenditures	<u>\$ 246,494</u>	<u>\$ 266,995</u>	<u>\$ 257,202</u>	<u>\$ 254,233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (27,148)</u>	<u>\$ (36,404)</u>	<u>\$ (27,841)</u>	<u>\$ (16,751)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds issued*	35,535	24,920	25,590	24,155
Capital lease	-	-	1,159	301
Proceeds from sale of capital assets	-	-	-	633
Refunding bonds issued	36,540	-	17,840	-
Bond premium	-	-	2,778	-
Payment of escrow for refunding	(36,540)	-	(18,835)	-
Gain on sale of land	-	-	-	-
Bond discount	-	-	-	-
Transfers in	17,284	14,479	25,922	24,324
Transfers out	(13,979)	(9,231)	(17,692)	(14,676)
Total other financing sources (uses)	<u>\$ 38,840</u>	<u>\$ 30,168</u>	<u>\$ 36,762</u>	<u>\$ 34,737</u>
NET CHANGE IN FUND BALANCES	<u>\$ 11,692</u>	<u>\$ (6,236)</u>	<u>\$ 8,921</u>	<u>\$ 17,986</u>
Capitalized Capital outlay	-	16,994	5,043	(5,398)
Debt service as a percentage of noncapital expenditures	17.3%	17.4%	16.9%	16.5%

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

Table 4

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 169,345	\$ 189,671	\$ 197,877	\$ 205,531	\$ 208,756	\$ 210,767
4,476	5,074	4,399	4,650	5,881	6,801
28,928	31,140	29,145	25,994	25,038	25,769
6,259	7,675	7,528	10,515	12,949	13,861
5,207	13,307	7,081	7,363	9,687	11,117
20,175	20,041	20,196	22,476	18,573	18,063
4,020	18,559	20,665	11,591	5,453	4,025
-	(314)	2,041	201	1,750	1,715
1,664	77,683	121,720	145,029	411,788	44,839
9,216	13,309	15,586	20,619	22,244	26,801
-	-	-	2,091	4,430	5,971
4,292	2,894	29,487	4,915	3,431	7,129
<u>\$ 253,582</u>	<u>\$ 379,039</u>	<u>\$ 455,725</u>	<u>\$ 460,975</u>	<u>\$ 729,980</u>	<u>\$ 376,858</u>
31,094	30,839	30,792	35,911	36,150	35,599
99,656	103,772	112,704	119,585	124,424	126,934
36,971	36,127	37,516	45,968	41,774	35,493
1,435	1,684	1,695	1,826	2,287	2,770
6,543	9,483	11,166	39,253	10,142	10,969
21,755	21,261	23,625	24,452	24,340	23,666
5,435	5,094	5,628	6,533	6,299	6,321
-	-	-	-	-	-
57,271	144,473	278,858	337,661	476,149	79,365
28,030	26,160	26,415	24,825	30,180	30,975
14,632	25,428	25,019	27,054	48,672	29,352
-	-	-	-	-	-
<u>\$ 302,822</u>	<u>\$ 404,321</u>	<u>\$ 553,418</u>	<u>\$ 663,068</u>	<u>\$ 800,417</u>	<u>\$ 381,444</u>
<u>\$ (49,240)</u>	<u>\$ (25,282)</u>	<u>\$ (97,693)</u>	<u>\$ (202,093)</u>	<u>\$ (70,437)</u>	<u>\$ (4,586)</u>
303,365	10,780	-	105,075	-	62,560
1,626	-	-	322	-	-
-	-	-	-	201	-
68,000	-	-	-	175,005	16,020
12,577	-	-	-	-	2,870
(72,240)	-	-	-	(164,265)	(12,913)
-	-	-	2,105	-	-
-	-	-	-	(4,130)	-
51,301	26,263	19,366	30,833	37,507	33,915
(15,317)	(20,456)	(16,659)	(20,551)	(26,942)	(23,662)
<u>\$ 349,312</u>	<u>\$ 16,587</u>	<u>\$ 2,707</u>	<u>\$ 117,784</u>	<u>\$ 17,376</u>	<u>\$ 78,790</u>
<u>\$ 300,072</u>	<u>\$ (8,695)</u>	<u>\$ (94,986)</u>	<u>\$ (84,309)</u>	<u>\$ (53,061)</u>	<u>\$ 74,204</u>
25,626	109,309	244,539	334,622	421,989	101,356
15.4%	17.5%	16.7%	15.8%	20.8%	21.5%

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 <sup>(1)</sup>	Total Direct Tax Rate
	Real Property	Personal Property		
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
2010	15,647,090	2,604,015	18,251,105	0.6480

**Source:** City of Arlington Financial and Management Resources

**Note:** <sup>(1)</sup> 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 <sup>1</sup>	HEB Independent School District <sup>1</sup>	Kennedale Independent School District <sup>1</sup>	Mansfield Independent School District <sup>1</sup>	Tarrant County <sup>2</sup>
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
2010	0.4330	0.2150	0.6480	1.34	1.29	1.55	1.50	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 District

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

2010		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value<sup>a</sup></u>
General Motors Corp.	\$ 211,846,231	1.16 %
Parks @ Arlington	150,541,475	0.82
Oncor Electric Delivery	142,416,467	0.78
Arlington Highlands	130,885,400	0.72
Southwestern Bell	73,409,308	0.40
Six Flags Fund	66,077,444	0.36
Wal Mart Real Estate	58,486,313	0.32
USMD Surgical Hospital	58,177,021	0.32
Quicksilver Resources	51,016,783	0.28
Lincoln Square LTD	39,783,322	0.22
<b>Total</b>	<b>\$ 982,639,764</b>	<b>5.38 %</b>

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

Table 7

2001		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value<sup>e</sup></u>
General Motors Corp.	\$ 216,054,181	1.74 %
Texas Utilities Electric	147,999,596	1.19
Southwestern Bell	92,386,330	0.74
Six Flags Over Texas	82,346,291	0.66
Arlington Memorial Hosp	71,098,799	0.57
Parks @ Arlington	67,609,232	0.54
Don Davis	56,411,757	0.45
National Semiconductor	54,149,357	0.44
EQR Operating LTD	49,727,579	0.40
Chase Bank of Texas	42,082,813	0.34
Total	<u>\$ 879,865,935</u>	<u>7.07 %</u>

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

Table 8

Fiscal Year	Taxes Levied	Collected Within the		Collections Related to Prior Years	Total Collections	
	Within the Fiscal Year of the Levy	Amount	% of Levy		Amount	% of Levy
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
2010	118,267,158	115,750,354	97.87	1,375,894	117,549,032	99.39

**Source:** City of Arlington Financial and Management Resources

**Note:** Cumulative Tax Collection Comparison  
Prior year collections include penalty and interest

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

Fiscal Year	Governmental Activities				Business-Type Activities			Percentage of Total Taxable Value
	General Obligation Bonds	Certificates of Obligation	Commercial Paper	Stadium Debt	Water and Sewer Revenue Bonds	Total Primary Government		
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%	
2010	254,425,000	69,465,000	17,200,000	298,550,000	110,220,000	749,860,000	4.11%	

**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.

<sup>a</sup>See Table 13 for personal income and population data.

Certificates of Obligation include Tax and Revenue certificates  
Stadium Debt include Special Tax Revenue Bonds, and Revenue Bonds

Table 9

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Estimated Population	Per Capita <sup>a</sup>	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	1.01%
362,393	1,758	0.89%
364,300	1,755	0.84%
369,150	1,949	0.91%
370,450	1,915	N/R
365,438	2,052	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
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
2010	254,425,000	69,465,000	17,200,000	341,090,000

**Source:** City of Arlington Financial and Management Resources, Census

\* Prior years' population were estimates. Current year population is based on latest census data

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

<sup>a</sup>See Table 5 for property value data.

<sup>b</sup>See Table 13 for population data.

N/R - not reported

Table 10

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Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>	Estimated Population
2.43%	\$ 892	339,215
2.22%	866	346,197
2.08%	847	351,719
1.96%	826	355,634
1.73%	748	361,300
1.58%	703	362,393
1.44%	665	364,300
1.88%	895	369,150
1.67%	824	370,450
1.87%	933	365,438 *

CITY OF ARLINGTON, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
As of September 30, 2010  
(Unaudited)

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Arlington I.S.D.	\$ 439,646,998	77.90%	\$ 342,485,011
Hurst-Eules-Bedford I.S.D.	205,494,258	0.58%	1,191,867
Kennedale I.S.D.	49,245,037	51.52%	25,371,043
Mansfield I.S.D.	670,529,028	29.92%	200,622,285
Tarrant County	353,511,370	14.87%	52,567,141
Tarrant County Junior College District	33,370,699	14.87%	4,962,223
Tarrant County Hospital District	<u>60,660,000</u>	14.87%	<u>9,020,142</u>
<b>Subtotal overlapping debt</b>	<u>1,812,457,390</u>		<u>636,219,712</u>
City of Arlington, net debt outstanding	<u>\$ 316,820,000</u>	100.00%	<u>\$ 316,820,000</u>
<b>Total direct and overlapping debt</b>	<u><u>\$2,129,277,390</u></u>		<u><u>\$ 953,039,712</u></u>

**Source:** City of Arlington Financial and Management Resources

**Note:** Net Debt Service Reserve Fund  
Estimated percentage is based on a formula using assessed values of property

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 <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue <sup>(3)</sup>	Average Annual Requirement	Times Coverage <sup>(4)</sup>
2001	\$ 77,028 <sup>(5)</sup>	\$ 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
2010	107,800	73,859	33,941	7,013	4.84

**Source:** City of Arlington Financial and Management Resources

- Note:**
- <sup>(1)</sup> Revenue determined on the full accrual basis and includes nonoperating interest
  - <sup>(2)</sup> Total expenses less depreciation and bond interest
  - <sup>(3)</sup> Gross operating revenues (1) less expenses (2)
  - <sup>(4)</sup> Net revenue available for debt service (3) divided by average annual debt service requirement
  - <sup>(5)</sup> 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
2001	339,215	\$ 47,011,291	\$ 31,577	N/R	60,760	4.1%
2002	346,197	47,735,316	31,295	33.2	62,104	5.6%
2003	351,719	49,151,450	31,565	33.1	62,345	5.9%
2004	355,634	51,951,087	32,735	32.8	62,531	5.2%
2005	361,300	65,868,221	34,430	31.6	62,267	5.0%
2006	362,393	71,783,543	36,427	31.6	63,397	4.5%
2007	364,300	76,104,528	37,573	31.4	63,082	4.1%
2008	369,150	78,864,176	38,018	32.0	62,863	4.7%
2009	370,450	N/R	N/R	N/R	63,506	7.3%
2010	365,438 *	N/R	N/R	N/R	63,989	6.8%

**Sources:** City of Arlington Financial and Management Resources

\* Prior years' population were estimates. Current year population is based on census data.

**Note:** Additional sources include the census, Bureau of Labor Statistics, TEA

N/R - not reported

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

2010

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	Public Education	8,518	4.43%
University of Texas at Arlington	Higher Education	5,300	2.76%
Six Flags Over Texas	Amusement Park	2,500	1.30%
City of Arlington	Municipality	2,477	1.29%
General Motors	Automobile Assembly	2,362	1.23%
Texas Health Resources - AMH	Medical Center	2,105	1.09%
Americredit	Finance	1,570	0.82%
Cowboys Stadium	Sports Venue	1,385	0.72%
Texas Rangers Baseball Club	Major League Baseball	1,295	0.67%
Medical Center of Arlington	Medical Center	1,250	0.65%
AETNA	Insurance	1,000	0.52%
L-3 Communication	Manufacturing	859	0.45%
Chase Bank	Banking Services	700	0.36%
Lear Corporation	Manufacturing	700	0.36%
Hurricane harbor	Amusement Park	650	0.34%
Total		<u>32,671</u>	<u>16.99%</u>

**Source:** City of Arlington Financial and Management Resources

**Note:** 2010 Employment Estimate (as of July) is 192,254  
 2000 Employment Estimate is 190,127

Table 14

2001		
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	6,723	3.54%
University of Texas at Arlington	4,417	2.32%
Six Flags Over Texas	3,250	1.71%
General Motors	2,400	1.26%
City of Arlington	2,325	1.22%
Arlington Memorial Hospital	1,800	0.95%
AmeriCredit	1,300	0.68%
Providian Financial	1,219	0.64%
National Semiconductor	1,200	0.63%
Doskocil Manufacturing	1,158	0.61%
Texas Rangers Baseball Club	1,100	0.58%
Siemens Electrocom LLC.	1,100	0.58%
Bell Helicopter Textron Inc.	1,086	0.57%
Chase Bank Call Center	1,000	0.53%
Chase Bank of Texas, N.A.	850	0.45%
	<u>30,928</u>	<u>16.27%</u>

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

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

**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	2010
-	23	31	42	42	-	-
29	33	33	37	37	38	38
28	9	4	6	4	4	3
-	-	6	6	6	6	5
119	119	19	23	23	20	19
-	-	-	5	6	6	6
4	4	4	46	46	43	42
38	38	38	34	34	33	33
15	15	15	20	20	20	21
67	78	30	31	31	74	69
12	12	13	10	10	11	11
-	-	-	3	3	3	3
52	53	56	69	73	70	68
-	-	-	8	8	8	8
33	33	32	31	32	32	31
746	745	745	768	793	811	781
302	302	302	407	414	426	423
66	67	74	72	77	77	75
132	132	125	130	115	119	118
66	66	66	61	81	75	72
68	64	64	71	71	70	69
118	114	112	125	133	89	93
76	75	71	62	62	92	92
-	-	-	10	10	4	-
3	3	2	2	2	1	1
223	223	219	219	218	219	219
-	-	-	-	-	24	24
77	77	79	85	88	93	153
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>	<u>2,477</u>

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

Function/Program	Fiscal Year		
	2001	2002	2003
Public safety			
Police			
Number of employees	659	718	726
Number of dispatch calls	157,291	158,229	150,352
Fire			
Number of employees	301	297	296
Number of service calls	28,803	28,924	26,381
Miles of streets and alleys			
Street - paved (lane miles)	1,907	1,959	1,991
Sidewalks (miles)	390	407	419
Parks and recreational			
Parks - programs registration	N/R	N/R	N/R
Membership			
Library			
Central library	1	1	1
Branch libraries	4	4	5
Book stock	388,126	486,176	515,113
Average monthly circulation	121,601	128,639	125,512
Water and sewer			
Number of accounts	94,867	96,974	94,279
Average daily water consumption (gallons)	59,681,000	52,169,473	56,364,260
Ozonated treatment capacity (gpd)	170,000,000	174,110,000	174,000,000
Miles of water mains	1,392	1,414	1,428
Number of fire hydrants	8,253	8,091	9,233
Number of sewer connections	89,042	90,198	91,774
Golf Course			
Number of clinics	19	38	13
Number of participants in clinics	315	515	241
Number of private lessons	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>	<u>2010</u>
524	534	558	582	598	621	634
142,154	146,891	146,408	147,668	142,861	139,251	161,695
296	301	394	407	414	426	423
28,734	27,788	48,468	30,665	31,090	30,955	33,012
2,029	2,477	2,939	2,969	2,985	2,996	3,002
425	908	974	981	988	993	999
31,355	36,407	20,573	38,366	39,450	48,442	45,855
48,274	34,763	41,031	41,205	39,398	35,756	38,285
1	1	1	1	1	1	1
5	5	5	5	6	6	6
507,891	522,703	579,445	598,869	611,402	623,767	612,272
131,244	131,738	134,710	139,909	155,417	177,075	186,606
101,057	102,421	97,299	98,195	98,924	99,141	99,288
51,550,000	53,550,000	65,019,372	47,582,642	53,516,147	51,697,563	48,128,986
174,000,000	174,000,000	140,000,000	140,000,000	140,000,000	140,000,000	172,500,000
1,350	1,358	1,378	1,378	1,532	1,545	1,551
9,992	10,195	10,325	10,493	10,550	10,711	10,780
94,052	95,479	95,124	96,905	96,905	96,895	97,185
24	3	104	127	92	133	129
338	44	438	646	517	508	495
2,639	984	2,071	1,770	1,653	1,631	1,253

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

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<u>Function/Program</u>	<u>Fiscal Year</u>		
	<u>2001</u>	<u>2002</u>	<u>2003</u>
Public safety			
Police stations	2	2	3
Fire stations	16	16	16
Miles of streets and alleys			
Streets- paved (lane miles)	1,907	1,959	1,991
Sidewalks (miles)	390	407	419
Cultural and recreational			
Parks (acres) (golf courses included)	4,226	4,180	4,529
Swimming pools	5	6	6
Tennis courts	41	49	48
Recreation centers	5	5	5
Senior center	-	-	-
Miles of park trails	35	33	43
Sports fields-youth	80	122	73
Basketball courts-outdoors	29	29	24
Number of golf courses	4	4	4
Water and Sewer			
Water mains (miles)	1,392	1,414	1,428
Fire hydrants	8,253	8,091	9,233
Sanitary sewers (miles)	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>	<u>2010</u>
3	3	3	3	3	4	4
16	16	16	16	16	16	16
2,029	2,477	2,939	2,969	2,985	2,996	3,002
425	908	974	981	988	993	999
4,529	4,652	4,652	4,663	4,669	4,681	4,683
5	7	6	7	7	7	7
49	49	49	49	47	45	45
5	5	5	5	5	5	5
-	2	2	2	2	2	2
43	45	40	43	46	47	52
54	54	77	77	77	77	77
24	24	22	22	22	22	21
4	4	4	4	4	4	4
1,350	1,358	1,378	1,389	1,532	1,545	1,551
9,992	10,195	10,325	10,493	10,550	10,711	10,780
1,181	1,186	1,194	1,194	1,282	1,286	1,289

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
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% <sup>(a)</sup>	9.44%
2009	360,029	594,442	60.6%	234,413	143,791	163.0%	16.76% <sup>(b)</sup>	9.95%
2010	373,897	621,177	60.2%	247,280	147,276	167.9%	17.85% <sup>(c)</sup>	10.19%

Source: City of Arlington Financial and Management Resources

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

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

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