



City of Arlington, Texas

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year ended September 30, 2013

# CITY OF ARLINGTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2013

PREPARED BY THE FINANCE DEPARTMENT,  
ACCOUNTING DIVISION



Robert Cluck, MD  
Mayor

Trey Yelverton  
City Manager

April Nixon  
Financial and Management  
Resources Director/CFO

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Assistant Director of Financial  
Operations



**CITY OF ARLINGTON, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013  
 TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTORY SECTION (Unaudited)</b>	
Letter of Transmittal	v
Organizational Chart	x
Certificate of Achievement in Financial Reporting	xi
Elected Officials and Administrative Officers	xii
<b>FINANCIAL SECTION</b>	
<b>Independent Auditors' Report</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)</b>	5
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	21
Statement of Activities	24
<b>Fund Financial Statements</b>	
<b>Governmental Fund Financial Statements</b>	
Balance Sheet	26
Reconciliation of the Statement of Net Position of Governmental Funds to the Balance Sheet	27
Statement of Revenues, Expenditures, and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
<b>Proprietary Fund Financial Statements</b>	
Statement of Net Position	30
Statement of Revenues, Expenses, and Changes in Fund Net Position	32
Statement of Cash Flows	33
<b>Fiduciary Fund Financial Statements</b>	
Statement of Fiduciary Net Position	34
Statement of Changes in Fiduciary Net Position	35
<b>Notes to the Financial Statements</b>	37
<b>REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)</b>	
Budgetary Comparison Schedule-General Fund	77
Schedule of Funding Progress-TMRS	78
Schedule of Funding Progress-Part-Time Deferred Income Trust Plan	79
Schedule of Funding Progress-Disability Income Plan	80
Schedule of Funding Progress-Postemployment Healthcare Plan	81
<b>COMBINING FINANCIAL STATEMENTS</b>	
<b>Nonmajor Governmental Funds</b>	
Description of Nonmajor Governmental Funds	83
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	90

	<u>Page</u>
<b>Budgetary Comparison Schedule</b>	
Debt Service Fund	93
Street Maintenance	94
Park Performance	95
Convention and Event Services	96
Water and Sewer Fund	97
Storm Water Utility	98
<b>Internal Service Funds</b>	
Description of Internal Service Funds	99
Combining Statement of Net Position	100
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	102
Combining Statement of Cash Flows	104
<b>Fiduciary Funds</b>	
Description of Fiduciary Funds	106
Combining Statement of Pension Trust Funds Net Position	107
Combining Statement of Agency Funds Assets and Liabilities	108
Combining Statement of Changes in Fiduciary Net Position	109
Combining Statement of Changes-All Agency Funds	110
<b>Discretely Presented Component Units</b>	
Description of Discretely Presented Component Units	111
Combining Statement of Net Position	112
Combining Statement of Activities	114
Combining Statement of Cash Flows	116
 <b>CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS</b>	
Capital Assets Used in Operation of Governmental Funds By Sources	119
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity	120
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes in Capital Assets	121
 <b>STATISTICAL SECTION (Unaudited)</b>	<b><u>Table</u></b>
Description of Statistical Section	123
Net Position by Component	1 124
Changes in Net Position	2 126
Fund Balance, Governmental Funds	3 128
Changes in Fund Balances, Governmental Funds	4 130
Taxable Property Value	5 132
Direct-Overlapping Property Tax Rates	6 133
Principal Property Tax Payers	7 134
Property Tax Levies and Collections	8 136
Ratio of Outstanding Debt by Type	9 138
Ratio of General Bonded Debt Outstanding	10 140
Direct and Overlapping Governmental Activities Debt	11 142
Pledged Revenue Coverage	12 143
Demographic and Economic Statistics	13 144
Principal Employers	14 145
Full-time Equivalent City Government Employees by Function/Program	15 146
Operating Indicators by Function/Program	16 148
Capital Asset Statistics by Function/Program	17 150
TMRS Analysis of Funding Progress and Contribution Rates	18 152



March 4, 2014

Dear Reader:

The Arlington, Texas Comprehensive Annual Financial Report (CAFR or report) for the fiscal year ended September 30, 2013, 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. Grant Thornton LLP has issued an unqualified opinion on the City's financial statements for the year ended September 30, 2013. 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 City of Arlington includes seven component units, six of which are discretely presently. These six component units have activity in the current year and are discussed in the MD&A and the notes to the financial statements.

### **Financial Planning and Policies**

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

### **Long Term Financial Planning**

The Arlington Economy is broad and diverse. Major employers include Texas Health Resources, Arlington Independent School District, University of Texas at Arlington, Six Flags Over Texas, The Parks at Arlington, and General Motors. Major taxpayers include General Motors, The Parks at Arlington, Arlington Highlands LLP, Oncor Electric Delivery, and Chesapeake Operating; making up approximately 4.6% 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 continuing to carefully manage the City's and will continue to take steps necessary to preserve the Arlington's Aa1/AAA/AA+ general obligation bond rating and our ability to serve the public.

While we see things moving in the right direction, we have not completely recovered from the economic downturn. The City's recurring revenues are seeing only modest increases. Consequently, we have had to be especially careful with and thoughtful about our resource allocations.

The multi-year financial forecast assumes the continuation of existing services and competitive pay and benefits for the City's workforce. Management expects to continue to improve the City's outlook by focusing on service delivery, and expanding neighborhood and community partnerships. The City anticipates that the local economy will continue a slow recovery. Fortunately the recovery combined with sound financial planning, the steady housing market and economic development activity is allowing City leaders to focus on priorities beyond basic service delivery. Council has identified the following key priorities for the coming year:

- Build a thriving community
- Enhance regional mobility
- Support Quality Education
- Define an identifiable brand

The 2014 budget focuses on these priorities and maintains the City's core value of quality and cost effective service delivery. 2014 will mark the eleventh consecutive year that the City of Arlington has maintained the property tax rate at 64.8 cents.

## **Major Initiatives/Highlights**

### **Metro ArlingtonXpress (MAX)**

In August Arlington launched its new commuter bus service-the Metro ArlingtonXpress or MAX. The service is a partnership between the City of Arlington, UT Arlington, Arlington Chamber of Commerce and other business partnerships. The MAX began service from the UT Arlington campus to Centreport Station, near DFW Airport. From there commuters can go to Dallas or Fort Worth on the Trinity Rail Express. The MAX expanded service in November 2013 to include a stop in the entertainment district.

### **Texas Rangers Major League Baseball Team and Ballpark**

\$12 million in renovations to the Ballpark during 2013 kept fans seated in style with the addition of a third row of Home Plate seats and permanent seats in the Capital One Club. The renovations also included a new Rangers merchandise store and concession stands. In 2013 the Ballpark once again played host to the City's third annual Christkindl German Christmas Market during the holidays.

### **AT&T Stadium**

In November of 2004, voters authorized the City to provide planning, acquisition, construction and financing for the Cowboys Stadium, which opened for the 2010-2011 professional football season. In July of 2013, the Dallas Cowboys came to terms with AT&T for naming rights and the venue officially became known as AT&T Stadium. The City will receive five percent of the naming rights up to \$500,000 per year. This money will be used to help pay off Arlington's portion of the debt. The stadium annually hosts the Cotton Bowl, as well as numerous other special events. The NCAA Division I Men's Basketball Regional Championships were held here in 2013. The NCAA "Final Four" college basketball tournament will be held in April, 2014. Additionally, the Confederation of North Central American and Caribbean Association Football (CONCACAF) Gold Cup semifinals were played here in July.

### **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 2013, the Foundation approved over \$1.6 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

### **General Motors**

General Motors began construction on their expansion and retooling of the Arlington Assembly Plant in 2012. During 2013 massive equipment - four presses, pit equipment and two press beds weighing a total of five million pounds - arrived at the General Motors Assembly Plant in Arlington. The \$200 million stamping plant is part of a \$530 million investment in Arlington General Motors has made. The stamping plant will produce vehicle body parts for the next generation of large sports utility vehicles. The plant hired 180 new workers to operate the three presses.

## **Skateparks**

The first of many safe places for skaters to gather was completed in 2013. Skate facilities will be built at the Vandergriff, Randol Mill and Burl L. Wilkes Parks. A dedication of the first of thirty planned such parks, the Cody Rocamontes Memorial Skatepark, was held in March. The new facility includes skating and BMX challenges for both beginner and intermediate users.

## **Other notable 2013 accomplishments include:**

- **\$20 Million Industrial Project Coming to Arlington**  
Exeter Property Group broke ground on Arlington Commerce Center Building C, a state of the art 821,000 square foot distribution facility in Arlington. The location is ideal for distribution because of its access to Interstates 20, 30, 35, and 45 and State Highway 360.
- **Bond Rating Upgrade for Arlington**  
The City's bond ratings have been improving steadily in recent years. The Standard and Poor's rating for the City's General Obligation debt and Water and Wastewater bonds were upgraded to AAA – the highest rating possible.
- **New Recycling Carts**  
New wheeled recycling carts replaced the smaller, open-topped bins previously used. The carts will be serviced using trucks with robotic arms that lift and dump the containers into the truck. The move to automated recycling is to improve efficiency in citywide recycling, increase participation and conserve landfill capacity.
- **Minority and Women-Owned Business Enterprise (MWBE) Program**  
As part of an ongoing initiative to increase the amount of business done with local companies, the City's purchasing department has added a new coordinator for the City's work with disadvantaged, minority, and woman-owned business enterprises.
- **Union Pacific Rail Renewal Project**  
Union Pacific replaced thirteen miles of rail in the City, requiring the simultaneous closure of numerous railroad crossings for several days at a time.
- **Viridian**  
Developer construction continued on the Viridian mixed-use development. The plan will take 10-15 years to complete and will result in a 2,300-acre community which is expected to have 3,600 homes, condominiums and high-end rentals.

## **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, 2012. This was the 35th 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 to the City of Arlington a Certificate for Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2012. This was the fifth year the City applied for and received this prestigious award. The Certificate is valid for a period of one year. The City will submit a Popular Annual Financial Report which meets requirements for the award again this year.

The GFOA awarded the City a Distinguished Budget Presentation Award for the FY 2013 budget. The City has earned this award for the past 27 years and expects to earn this award again for the upcoming FY 2014 budget.

**Acknowledgments**

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

Respectfully submitted,



Trey Yelverton  
City Manager



Mike Finley  
Finance Director/CFO

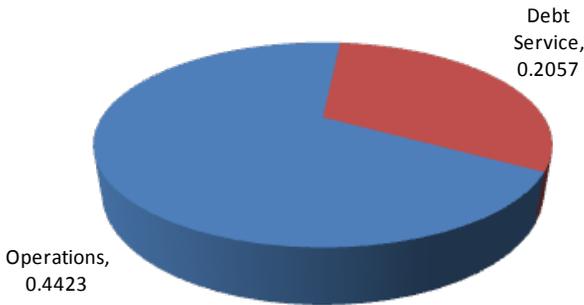
**Local Economic Indicators**

	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Property Tax Base (in thousands)*</b>	(tax year 2012)	(tax year 2011)	(tax year 2010)
Personal	2,289,772	2,166,757	2,248,800
Real Estate	15,046,863	14,785,924	14,820,909
Mineral Lease Properties	366,542	397,038	140,280
Agricultural Properties	528	579	698
<b>Total</b>	<b>17,703,705</b>	<b>17,350,298</b>	<b>17,210,687</b>
<b>Property Tax Rate</b>			
Operations	0.4423	0.4393	0.4330
Debt Service	0.2057	0.2087	0.2150
<b>Total</b>	<b>0.6480</b>	<b>0.6480</b>	<b>0.6480</b>
<b>Sales Tax (in thousands)</b>			
Collections	94,071	88,957	86,219
Annual Growth	5.75%	3.18%	5.80%
<b>Population</b>	<b>365,930</b>	<b>365,860</b>	<b>365,530</b>
<b>General Obligation Debt per Capita</b>	<b>\$ 846</b>	<b>\$ 864</b>	<b>\$ 886</b>
<b>Labor Force</b>	<b>209,385</b>	<b>205,683</b>	<b>209,258</b>
<b>Unemployment Rate</b>	<b>5.9%</b>	<b>6.8%</b>	<b>7.6%</b>
<b>Housing start permits issued</b>	<b>540</b>	<b>465</b>	<b>230</b>
<b>Foreclosure (residential and commercial)</b>	<b>695</b>	<b>981</b>	<b>914**</b>
<b>Occupancy Rates</b>			
Office	87.2%	88.0%	88.0%
Industrial	96.3%	91.0%	90.0%
Retail	93.6%	92.9%	91.6%

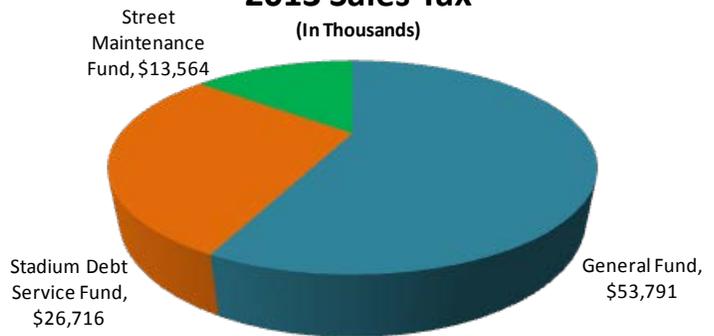
\*Certified Appraisal Roll; does not include properties under protest or supplemental information

\*\*Does not include February, 2011; no data was obtained due to inclement weather

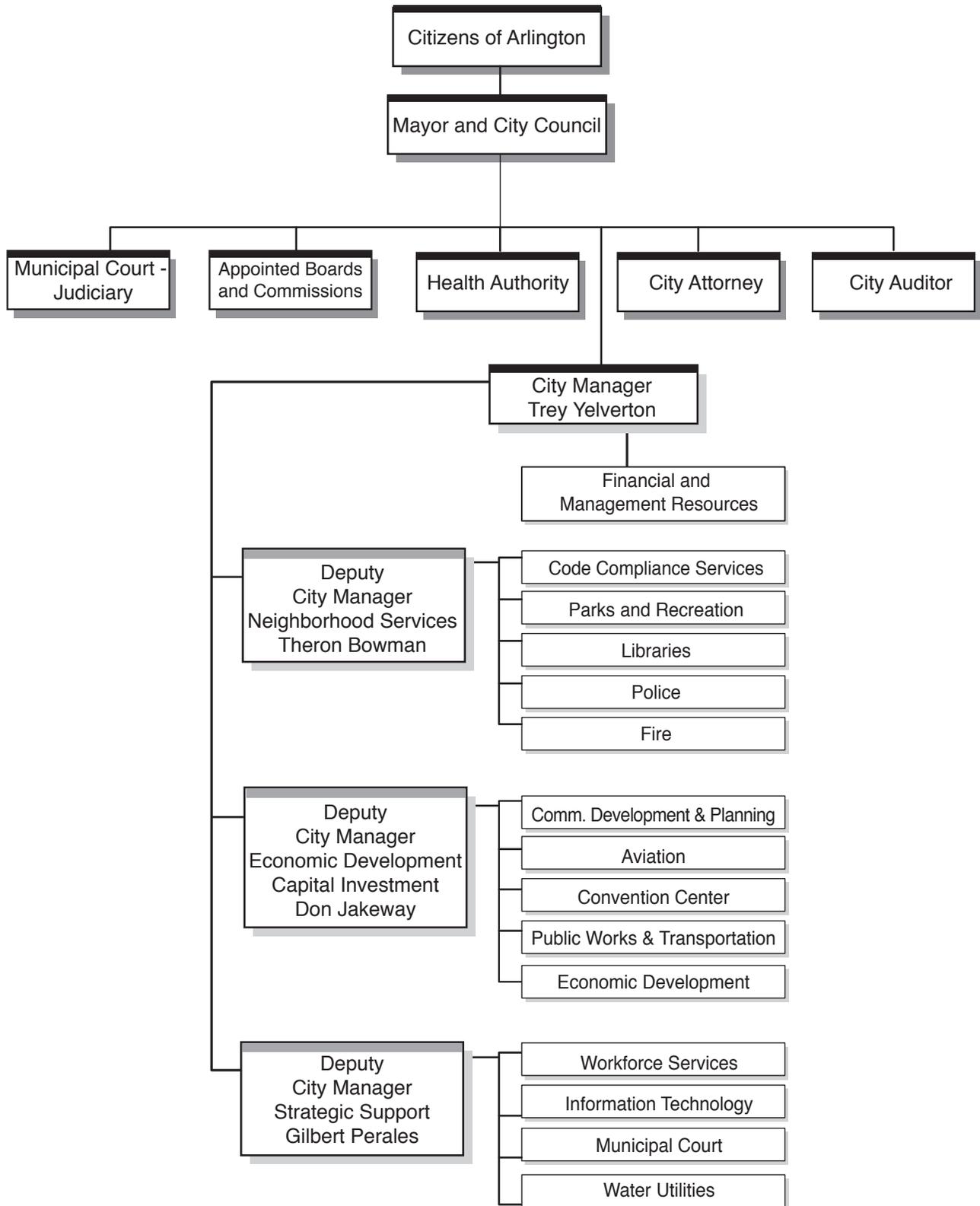
**2013 Property Tax Rate**



**2013 Sales Tax (In Thousands)**



# City of Arlington Organization Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Arlington  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2012**

Executive Director/CEO

# City of Arlington, Texas

## City Council

Robert Cluck

**Mayor**

Term expires May 2015

Kathryn Wilemon, District 4

***Mayor Pro Tem***

Term expires May 2015

Charlie Parker District 1

Term expires May 2014

Sheri Capehart, District 2

Term expires May 2014

Robert Rivera, District 3

Term expires May 2015

Lana Wolff, District 5

Term expires May 2015

Robert Shepard, District 6 At Large

Term expires May 2014

Jimmy Bennett, District 7 At Large

Term expires May 2014

Michael Glaspie, District 8 At Large

Term expires May 2015



## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

### **Report on the financial statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Texas (the "City") as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Arlington Housing Authority or the Arlington Convention and Visitors Bureau, Inc., which are discretely presented component units which represent 5%, 5%, and 58%, respectively, of assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors.

### **Management's responsibility for the financial statements**

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

### **Auditor's responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Arlington, Texas as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other matters**

#### ***Required supplementary information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 5 through 20, the Budgetary Comparison Schedule – General Fund, the Schedule of Funding Progress – TMRS, the Schedule of Funding Progress – Part Time Deferred Income Trust Plan, the Schedule of Funding Progress - Disability Income Plan, and the Schedule of Funding Progress – Postemployment Healthcare Plan on pages 77 through 81, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements, individual fund budgetary comparison schedules, and the schedules of capital assets used in the operation of governmental funds listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other information***

The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other reporting required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated March 4, 2014, on our consideration of the City's internal control over financial reporting and on 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

GRANT THORNTON LLP

Dallas, Texas  
March 4, 2014



**CITY OF ARLINGTON, TEXAS**

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

**SEPTEMBER 30, 2013**

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, 2013. It should be read in conjunction with the accompanying letter of transmittal and financial statements.

**FINANCIAL HIGHLIGHTS**

- The City's net position of governmental activities **increased** by \$1.8 (<1%) this year, primarily due to a decrease in net governmental bonds payable.
  - The City's **increase** in total net position of \$20.7M for the year was \$2.8M lower than the \$23.5M increase last year. The change is primarily related to a decrease in the amount added to net investment in capital assets in the enterprise funds. Net investment in capital assets represent the capital assets and construction in progress of the City (net of depreciation), less the related outstanding debt liability. The Water and Sewer Utility fund added \$16.5M in fiscal year 2013 compared to \$21.5M in fiscal year 2012.
  - The City's governmental funds reported combined ending fund balances of \$265M, an **increase** of \$2.5M over last year. This increase is due to a combination of:
    - An **increase** in Street Capital Project fund balance of \$2.1M and an **increase** in Park Capital Project fund balance of \$4.2M, both related to current year bond proceeds.
    - An **increase** in Street Maintenance fund balance of \$3M due to timing of sales tax revenue receipts vs. street maintenance expenditures.
    - A **decrease** in General Fund balance of \$6.8M as more fully described below.
  - The 2013 General Fund assigned fund balance was \$53.6M with \$1.5M unassigned, a **decrease** in the aggregate from prior year. In 2012, the comparable balances were \$61.7 and \$0. Total assigned and unassigned fund balance of \$55.1M is \$6.6M lower than last year primarily due to the budgeted use of beginning fund balance in fiscal year 2013. Fund balance assignment changes in the General Fund include decreases to the business continuity reserve, encumbrances, and future initiatives of \$1.1M, \$2.5M, and \$4.3M respectively.
  - Total debt of \$685.6M **decreased** \$32.1M during the year. Debt issues in 2013 include \$26.0M in Permanent Improvement and Refunding bonds and \$18.1M and in Water and Wastewater System Revenue bonds and \$1M in bonds related to the 2008 Texas Water Development Board (TWDB) Clean and Drinking Water Programs. Bond principal payments for 2013 total \$48.3M on existing obligations with an additional \$27.9M in principal refunded. Exclusive of Cowboy's Stadium debt, City of Arlington debt is allocated 68% for general government, with the remaining 32% to water, wastewater and storm water 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 express an opinion. 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 Position** presents information on all of the assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The Statement of Net Position 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 position 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 Position 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 with financial activity in 2013 in its report – Arlington Property Finance Authority, Inc. For fiscal year 2013, the City includes six discretely presented component units in its report – Arlington Housing Authority (AHA), Arlington Convention and Visitors Bureau (ACVB) d/b/a Experience Arlington, Arlington Housing Finance Corporation (AHFC), Arlington Tomorrow Foundation (ATF), Arlington Industrial Corporation (AIC) and the Arlington Convention Center Development Corporation (ACDC). Although legally separate, these component units are important because the City is financially accountable for them.

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### **Fund Financial Statements**

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

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

The City maintains twenty-one individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Debt Service Fund, and the Streets Capital Projects 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 Position 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 Position and Changes in Fiduciary Net Position. 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 and postemployment healthcare to the employees.

**THE CITY AS A WHOLE – Government-wide Financial Analysis**

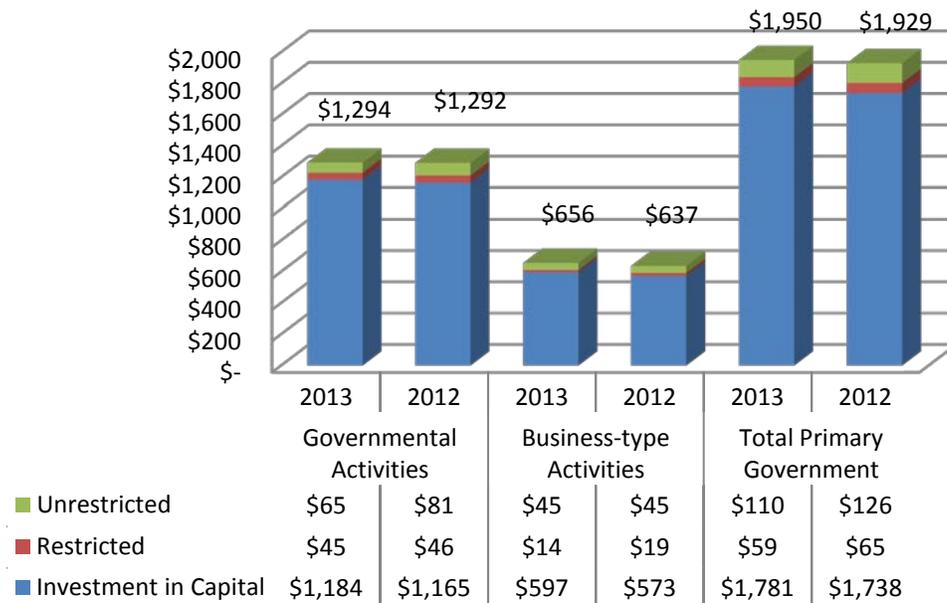
The City’s combined net position was \$1.95B as of September 30, 2013. Analyzing the net position and net expenses of governmental and business-type activities separately, the governmental activities net position is \$1.3B and the business-type activities net position is \$656M. This analysis focuses on the net position and changes in general revenues and significant expenses of the City’s governmental and business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 351	\$ 350	\$ 136	\$ 145	\$ 487	\$ 495
Capital assets	1,593	1,620	685	658	2,278	2,278
Total assets	1,944	1,970	821	803	2,765	2,773
Long-term liabilities	586	614	136	138	722	752
Other liabilities	64	64	29	28	93	92
Total liabilities	650	678	165	166	815	844
Net position:						
Invested in capital assets, net of related debt	1,184	1,165	597	573	1,781	1,738
Restricted	45	46	14	19	59	65
Unrestricted	65	81	45	45	110	126
Total net position	\$1,294	\$1,292	\$ 656	\$ 637	\$1,950	\$1,929

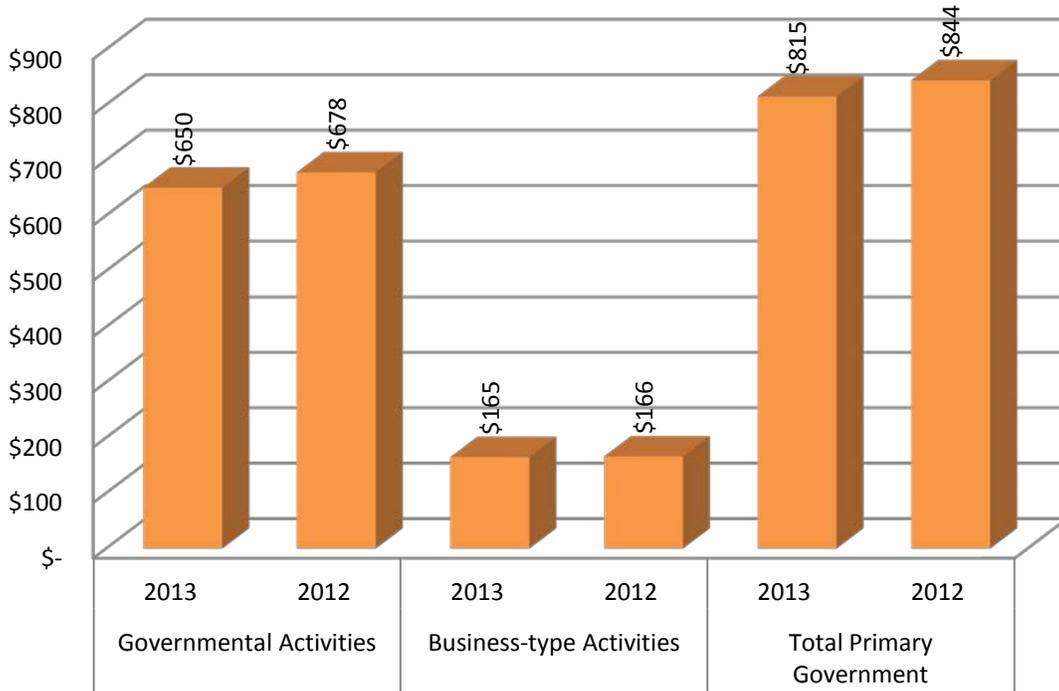
By far the largest portion of the City’s net position (91.3%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding.

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



The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Summary of Liabilities (in Millions)



#### Governmental Activities

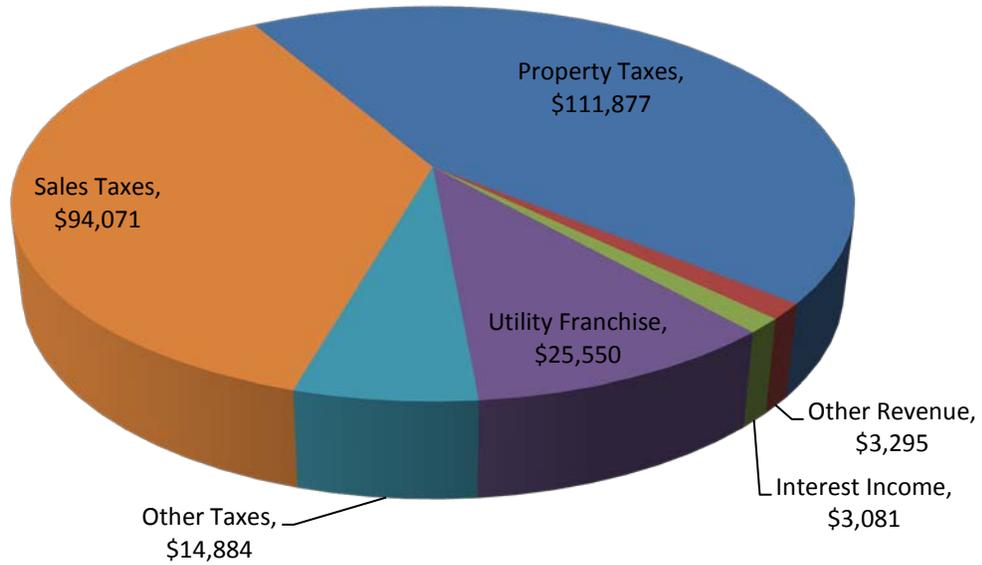
The City's general revenues remained substantially the same compared to the prior year, increasing overall by 2.0%. Sales tax revenue accounted for the majority of the increase this year compared to last.

Property tax collections were up slightly from the prior year by about \$1.7M. Residential property value decreased slightly (.73%), while commercial property values increased by 5.02%. Mineral lease property value decreased by 6.92%, however as a tax revenue generator, they are considerably less predictive or reliable in the long-term than other kinds of property. This is due to the nature of mineral lease property; the valuation is based on a temporary activity with value only as long as mineral recovery is taking place. The City anticipates other property values to increase slowly with the overall economic recovery. As a lagging economic indicator, property tax improvements are typically seen only after changes in the economy as a whole have taken effect. The property tax rate for 2013 was set at \$0.6480 per \$100 assessed valuation; remaining unchanged for the tenth consecutive year.

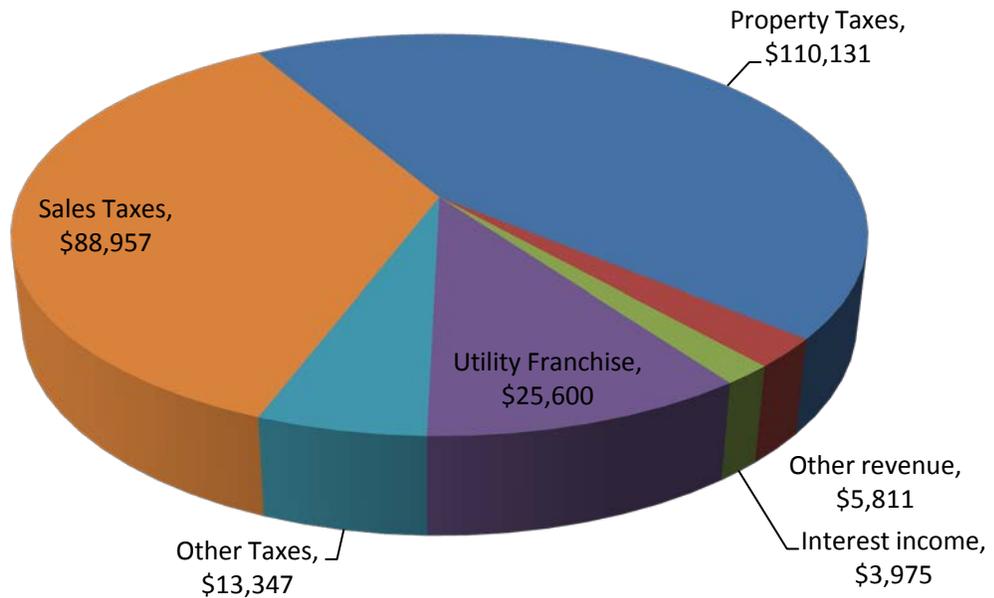
Sales tax collections were up by more than five percent partly due to a sales tax audit adjustment received by the City. The increase was also attributable to stronger-than-anticipated improvement in the retail economy. Because sales tax is a coincident economic indicator, sales tax collections reflect the current economic conditions: the increase is indicative of the economic recovery Arlington is experiencing.

Utility franchise fee collections were virtually unchanged from 2012.

**2013 General Revenue  
(in thousands)**



**2012 General Revenue  
(in thousands)**



Governmental activities increased the City's net position by \$1.8M, and Business-type activities increased net position by \$18.9M, for a total increase of \$20.7M. Changes from 2012 to 2013 are shown in Table 2.

**Table 2**  
**Changes in Net Position**  
**(amounts expressed in thousands)**

	Governmental Activities		Business-type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 59,066	\$ 60,940	\$ 125,049	\$ 125,255	\$ 184,115	\$ 186,195
Operating grants and contributions	19,483	26,270	-	-	19,483	26,270
Capital grants and contributions	4,481	6,132	3,663	1,253	8,144	7,385
General Revenues:						
Taxes	220,832	212,435	-	-	220,832	212,435
Utility franchise fees	25,550	25,600	-	-	25,550	25,600
Interest income	3,081	3,975	353	569	3,434	4,544
Other	3,295	5,811	(131)	(101)	3,164	5,710
<b>Total revenues</b>	<b>335,788</b>	<b>341,163</b>	<b>128,934</b>	<b>126,976</b>	<b>464,722</b>	<b>468,139</b>
<b>Expenses</b>						
General government	65,321	66,080	-	-	65,321	66,080
Public safety	139,309	137,561	-	-	139,309	137,561
Public works	68,633	71,957	-	-	68,633	71,957
Public health	2,489	4,320	-	-	2,489	4,320
Parks and recreation	30,599	32,515	-	-	30,599	32,515
Public welfare	11,453	9,475	-	-	11,453	9,475
Convention and event services	6,711	6,821	-	-	6,711	6,821
Interest and fiscal charges	25,017	24,898	-	-	25,017	24,898
Water, sewer and storm water	-	-	94,488	91,012	94,488	91,012
<b>Total expenses</b>	<b>349,532</b>	<b>353,627</b>	<b>94,488</b>	<b>91,012</b>	<b>444,020</b>	<b>444,639</b>
<b>Increase (decrease) in net position before transfers</b>	<b>(13,744)</b>	<b>(12,464)</b>	<b>34,446</b>	<b>35,964</b>	<b>20,702</b>	<b>23,500</b>
Transfers and capital contributions	15,556	14,770	(15,556)	(14,770)	-	-
<b>Increase in net position</b>	<b>1,812</b>	<b>2,306</b>	<b>18,890</b>	<b>21,194</b>	<b>20,702</b>	<b>23,500</b>
<b>Net Position, October 1</b>	<b>1,292,467</b>	<b>1,290,161</b>	<b>637,156</b>	<b>615,962</b>	<b>1,929,623</b>	<b>1,906,123</b>
<b>Net Position, September 30</b>	<b>\$ 1,294,279</b>	<b>\$ 1,292,467</b>	<b>\$ 656,046</b>	<b>\$ 637,156</b>	<b>\$ 1,950,325</b>	<b>\$ 1,929,623</b>

The decrease in grants and contributions compared to prior year is the result of the end of ARRA funding which included funding for the COPS Hiring Program, COPS Southern Border Protection programs and partial funding for Handitran.

The decrease in public works expenses in fiscal year 2013 is due primarily to a reduction in project spending this year versus last.

The decrease in public health expenses is primarily due to 2012 spending related to an energy conservation block grant that did not renew in 2013.

Revenue and expense variances in business activities (Water and Wastewater/Storm Water Utility) were largely a result of an increase for the cost of purchasing water and sewage treatment. Water sales continued to be high in 2013. Additionally, the cost of maintenance and repairs were higher in 2013 than in 2012.

## CAPITAL ASSET AND DEBT ADMINISTRATION

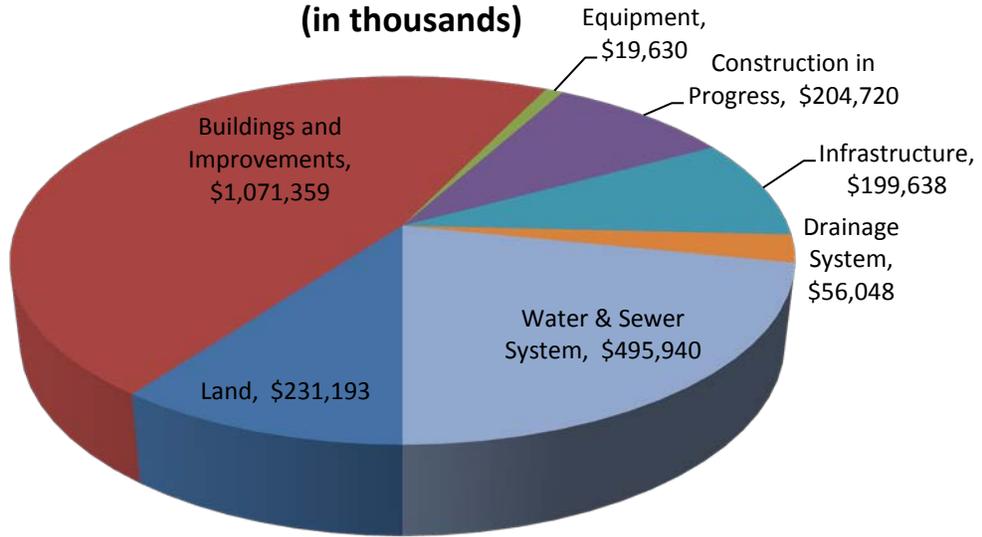
### Capital Assets

At the end of the fiscal year 2013, the City had \$2.28B invested in a broad range of capital assets. This amount is virtually unchanged from the prior fiscal year. Footnote 5 in the notes to the financial statements provides more detailed information regarding the City's capital asset activity.

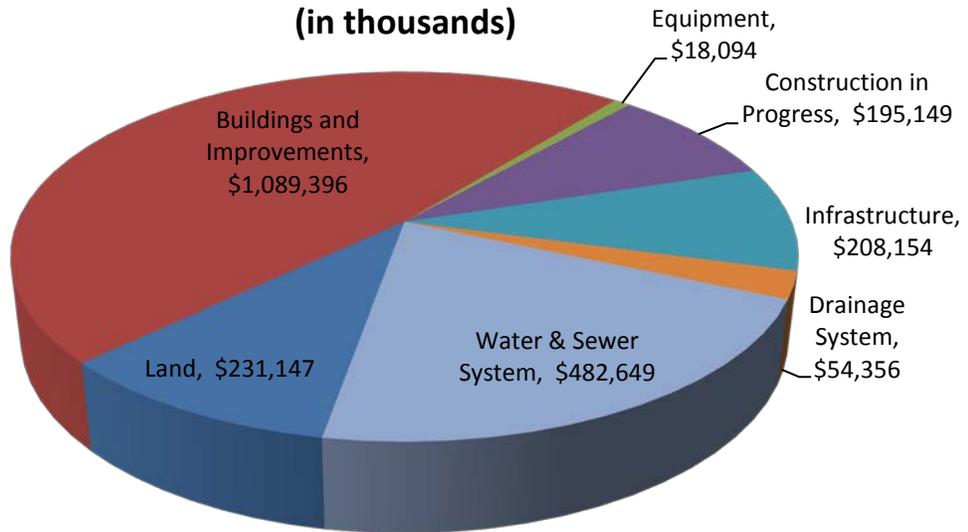
**Table 3**  
**Capital Assets, net of Accumulated Depreciation**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 209,703	\$ 209,703	\$ 21,490	\$ 21,444	\$ 231,193	\$ 231,147
Buildings and improvements	1,069,880	1,087,860	1,479	1,536	1,071,359	1,089,396
Equipment	18,581	17,158	1,049	936	19,630	18,094
Construction in progress	95,666	97,618	109,054	97,531	204,720	195,149
Infrastructure	199,638	208,154	-	-	199,638	208,154
Drainage system	-	-	56,048	54,356	56,048	54,356
Water and sewer system	-	-	495,940	482,649	495,940	482,649
Totals	\$ 1,593,468	\$ 1,620,493	\$ 685,060	\$ 658,452	\$ 2,278,528	\$ 2,278,945

**2013 Capital Assets  
(in thousands)**



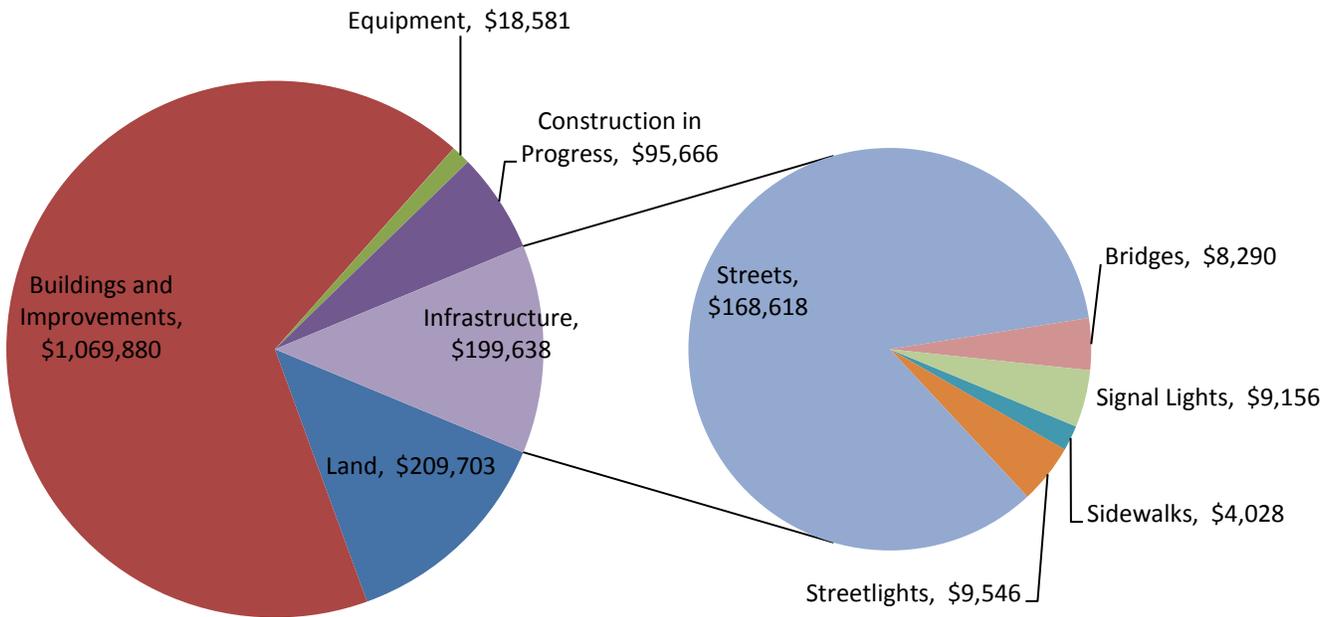
**2012 Capital Assets  
(in thousands)**



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

Asset	Book Value	Accumulated Depreciation	Net Value
Sidewalks	\$ 65,784	\$ (61,756)	\$ 4,028
Streetlights	19,202	(9,656)	9,546
Streets	684,130	(515,512)	168,618
Bridges	32,097	(23,807)	8,290
Signal Lights	17,032	(7,876)	9,156
<b>Total</b>	<b>\$ 818,245</b>	<b>\$ (618,607)</b>	<b>\$ 199,638</b>

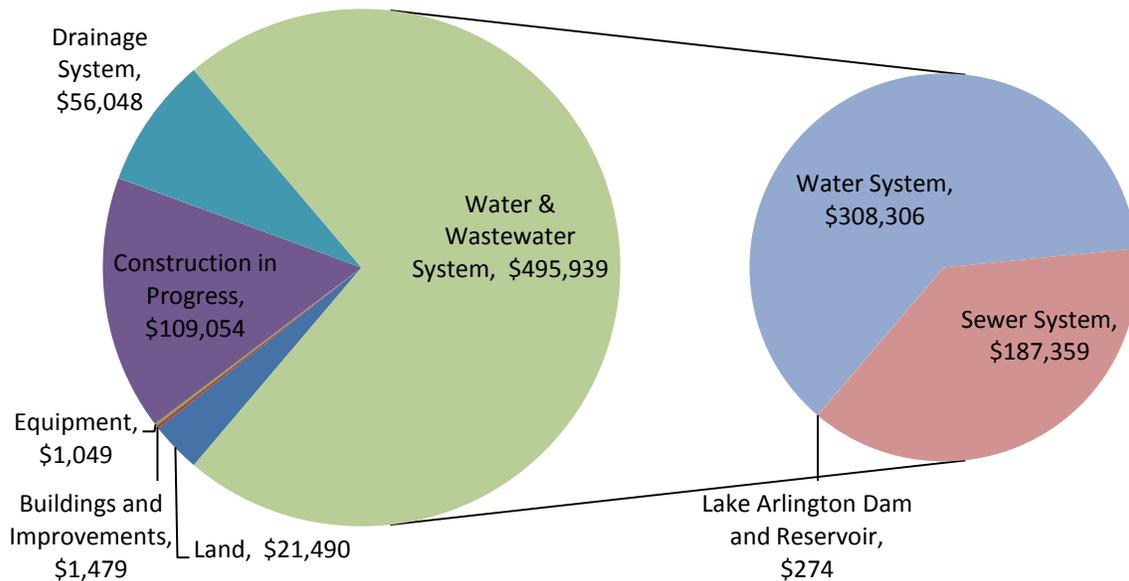
### 2013 Capital Assets – Governmental Infrastructure Detail (in thousands)



The City’s water and sewer enterprise infrastructure investment, including accumulated depreciation, breaks down as follows (in thousands):

Asset	Book Value	Accumulated Depreciation	Net Value
Lake Arlington	\$ 2,619	\$ (2,345)	\$ 274
Water System	\$ 470,151	\$ (161,845)	\$ 308,306
Sewer System	\$ 273,347	\$ (85,988)	\$ 187,359
	<u>\$ 746,117</u>	<u>\$ (250,178)</u>	<u>\$ 495,939</u>

### 2013 Capital Assets – Enterprise Infrastructure Detail (in thousands)



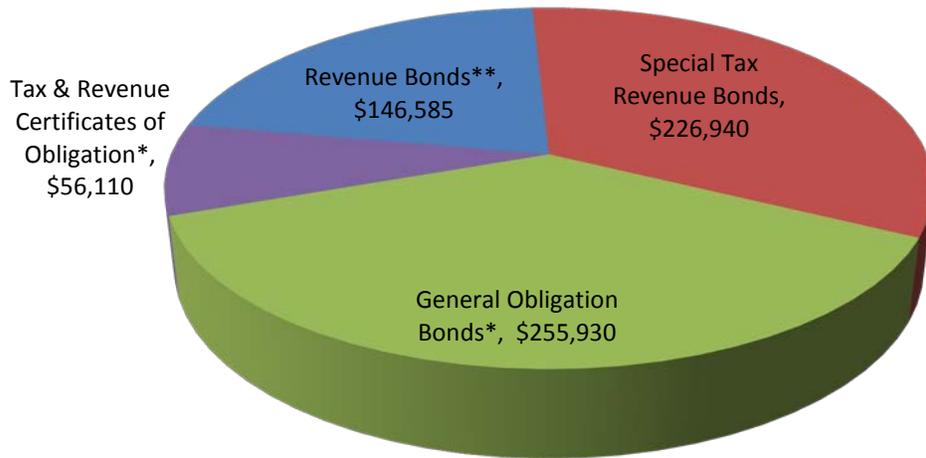
Major capital asset additions during the fiscal year include the following:

- Private developer capital contributions of \$3.7M 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 \$28.2M
- Storm drainage system capital improvements and expansion of \$7.6M
- Street construction projects capital outlay totaling \$13.5M
- Improvements to parks and recreation facilities of \$3.9M

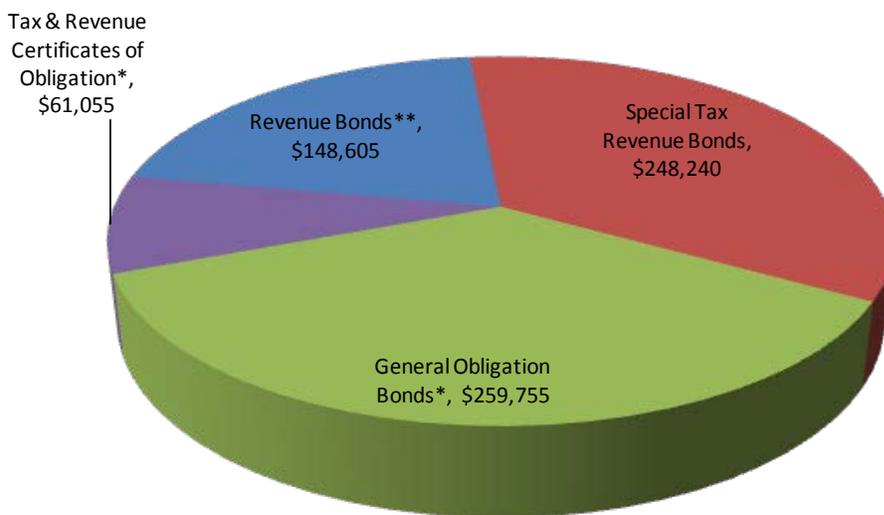
**Debt**

At year-end, the City had \$685.6M in debt, a decrease of \$32.0 from 2012. The City refunded \$6.4M in permanent improvement and refunding bonds, \$8.1M in water and wastewater system revenue bonds, and \$13.4M in special tax revenue bonds. Reductions in certificates of obligation, revenue bonds and general obligation debt, account for the remaining \$4.1M decrease.

**2013 Outstanding Debt  
(in thousands)**



**2012 Outstanding Debt  
(in thousands)**



*\*Secured by City Tax Base*

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

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City)	\$ 255,930	\$ 259,755	\$ -	\$ -	\$ 255,930	\$ 259,755
Combination tax and revenue certificates of obligation (backed by the City)	56,110	61,055	-	-	56,110	61,055
Special tax revenue bonds	226,940	248,240	-	-	226,940	248,240
Revenue bonds (backed by fee revenues)	-	-	146,585	148,605	146,585	148,605
<b>Totals</b>	<b>\$ 538,980</b>	<b>\$ 569,050</b>	<b>\$ 146,585</b>	<b>\$ 148,605</b>	<b>\$ 685,565</b>	<b>\$ 717,655</b>

During the current fiscal year, the City issued \$26.0M in Permanent Improvement and Refunding bonds to refund certain debt obligations of the City, to make various capital improvements, and to pay costs related to the issuance of the bonds. The City issued no new certificates of obligation or special obligation bonds in 2013. In 2013, the City issued \$8.93M in Water and Sewer Revenue Bonds for the purpose of improving and expanding existing water and wastewater infrastructure. Additionally, the City issued \$0.91M related to the 2008 debt issues held by the Texas Water Development Board (TWDB) as part of the TWDB Clean and Drinking Water Programs. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

In 2013, the City's tax supported debt rating was AA+ by Fitch, Inc. and was an Aa1 rating by Moody's Investor Services. The City upgraded its rating by Standard and Poor's Corporation on its tax supported debt to AAA. The City also upgraded its rating by Standard and Poor's Corporation on its water and wastewater revenue bonds to AAA. The City maintained water and wastewater revenue bond rating at Aa2 rating from Moody's Investor Service and AAA from Fitch, Inc. The ratings on the Cowboys Complex Special Obligations are rated A1 by Moody's, A+ by Fitch, Inc. and A by Standard and Poor's. The ratings for Municipal Drainage Utility System Revenue Bonds (Storm Water) are Aa2 by Moody's and AAA by Standard and Poor's Corporation.

General bonded debt per capita decreased from \$864 in 2012 to \$842 in 2013.

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 1.74%.

The City maintains a self-insurance program for bodily injury, property damage, personal injury, advertising injury, regulatory injury and worker's compensation. Claims for worker's compensation over \$500,000 per occurrence are covered by a private insurance company. Claim liabilities are actuarially determined and take into consideration claim experience, adjustment expenses, economic, and other factors which can vary considerably from year to year. Total estimated claims liability at September 30, 2013 was \$8.4M.

## **COWBOYS COMPLEX DEVELOPMENT PROJECT**

The Stadium Complex opened in July 2009, and the Dallas Cowboys began playing their home season games there. The City and the Complex hosted Super Bowl XLV in 2011 and is annual host to the Cotton Bowl. In 2014, the City will host the NCAA Final Four Basketball Championship.

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 Cowboys Complex Development Project. Pursuant to the agreement, the City paid \$325M, to build the Complex. In July of 2005, the City issued \$298M 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. In 2013 the naming rights to the stadium were sold and the stadium is officially known as AT&T Stadium. The City will receive 5% of the net naming rights revenue received by the tenant capped at \$500,000 per year.

In July of 2006, \$148M 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 \$265M. The General Fund balance was \$56.7M, a decrease of \$6.8M from prior year. This decrease can be attributed to the budgeted use of beginning fund balance in fiscal year 2013. \$4.3M in fund balance assigned to future initiatives was used to purchase wheeled recycling carts and \$1.1M in fund balance assigned to the business continuity reserve was used to fund various one-time projects. The Debt Service fund balance decreased \$3.3M, ending the year with \$35.8M. The decrease was a result of general obligation debt issuance and the refunding and retirement of principal on existing debt. Other changes in fund balances should be noted:

- Street Capital Projects fund spending decreased in fiscal year 2013, down from \$14.2M to \$13.5M. Fund balance increased with capital contributions of \$2.3M and another debt issuance during fiscal year 2013 of \$12.6M, adding a total of \$2.1M to the fund for ongoing street projects.
- The City's water and sewer fund net position of \$577.2 increased by \$14.4M over the prior year net asset balance. The increase in net position is primarily due to operating revenues exceeding expenses by \$26.6M.

- 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 2013; storm water fee revenues exceeded fund expenses by \$6.3M, increasing fund balance to \$81.0M at the end of the fiscal year.

#### **GENERAL FUND BUDGET HIGHLIGHTS**

During fiscal year 2013, there was a budget amendment in the General Fund in the amount of \$4,335,674 to fund costs associated with wheeled recycling carts.

Actual expenditures on a budgetary basis of \$216.3M were slightly less than budgeted expenditures of \$216.9M. Savings in administrative and support functions created by greater than anticipated vacancy savings offset overages in public safety related to employee health insurance increases.

Revenues on a budgetary basis were lower than the budgeted amount of \$214.4M by \$1.4M. Utility franchise fees and service charges were lower than expected by \$3.1M and \$4.0M respectively. Lower than expected water and telephone utility fees accounted for the decrease in utility franchise fees, while lower gas well related fees led the decrease in service charges. These decreases were offset by higher than expected tax collections and licenses and permits which exceeded budgetary expectations by \$4.0M and \$1.8M respectively. Sales tax revenue accounted for most of the increase in taxes primarily attributable to a large sales tax audit adjustment received by the City. Building permit fees accounted for most of the licenses and permit fees increase.

#### **ECONOMIC FACTORS AND FISCAL YEAR 2014**

The City's elected and appointed officials considered many factors when setting the fiscal year 2014 budget, tax rates, and fees that will be charged for the business-type activities. The City of Arlington is continuing to see modest progress in our economic recovery. Home sales are increasing, for FY 2014 the City expects the increases to continue. General Fund sales tax revenues reached \$50 million for the first time in FY 2012, and increased to \$54M in 2013. Nevertheless, City Council and management remain committed to prudent, conservative fiscal planning. Key budget strategies in 2014 are:

- Maintaining assets
- Code compliance enhancement
- Street maintenance
- Customer service enhancements
- Public safety investment
- Compensation

The City's total General Fund revenues and transfers for 2014 are budgeted at \$211.6M, and total General Fund expenditures are expected to be \$211.6M, an increase of \$6.5M over 2013.

The General Fund's largest single revenue source is property taxes. This revenue represents 37.0% of the General Fund budget. The property tax rate for 2014 is \$0.6480 per \$100 valuation, unchanged since 2004. The tax rate is broken into two pieces, operations and maintenance, \$0.4423 per \$100 valuation, to the General Fund, and interest and sinking, \$0.2057 per \$100 valuation, for debt service. The General Fund property tax revenue for 2014 is estimated to be \$78.2M, up \$1.4M (1.8%) from last year's estimate.

The City's portion of the local 8 cent sales tax rate is one and three-quarter cents. The General Fund receives one cent, one-quarter cent is dedicated to the Street Maintenance Fund, and one-half cent provides for debt service for the Cowboy Project debt. Sales tax revenue for the General Fund for fiscal year 2014 is estimated at \$54.2M, substantially unchanged from 2013 collections.

The City's Water and Sewer Fund accounts for nearly 30% of the City's revenue. The mission of the Water Utilities Department is to provide a continuous supply of high quality drinking water and ensure safe disposal of wastewater in a responsive, cost-effective manner while continuing to improve service to citizens and planning for future needs. The largest revenue sources for the Water and Sewer Fund is water sales and wastewater treatment budgeted at \$64.03M and \$52.9M respectively for FY 2014. The City maintains a rate structure designed to ensure that each category of service is self-supporting.

Details of the City of Arlington Fiscal Year 2014 Operating Budget can be accessed on the City's website: [www.arlingtontx.gov](http://www.arlingtontx.gov).

#### **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 information, contact the Assistant Director of Finance, Sherry Wright ([sherry.wright@arlingtontx.gov](mailto:sherry.wright@arlingtontx.gov)), in the Finance Department, at the City of Arlington, 101 S. Mesquite St., Suite 800, Arlington, TX 76010. The City is also an active member of MSRB's Electronic Municipal Market Access (EMMA), which keeps the Arlington CAFR on file. Additionally, the CAFR can be found on the City's website at [www.arlingtontx.gov](http://www.arlingtontx.gov).

**CITY OF ARLINGTON, TEXAS  
STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 269,394	\$ 39,259	\$ 308,653	\$ 19,839
Investments	-	-	-	88,160
Receivables (net of allowance for uncollectibles):				
Taxes	4,964	-	4,964	-
Sales taxes	15,526	-	15,526	-
Trade accounts	5	8,907	8,912	-
Franchise fees	6,704	-	6,704	-
Unbilled trade accounts	-	7,521	7,521	-
Special assessments	137	-	137	-
Accrued interest	1,228	-	1,228	74
Ballpark lease	14,246	-	14,246	-
Settlement agreement	8,842	-	8,842	-
Other	4,437	2	4,439	359
Internal balances	2,152	(2,152)	-	-
Due from other governments	6,656	-	6,656	-
Deferred charge - issuance costs	5,670	-	5,670	-
Inventory of supplies	1,482	460	1,942	-
Prepaid expenses	104	-	104	47
Net other post employment benefit asset	518	-	518	-
Restricted assets-				
Bond contingency-				
Investments	-	12,655	12,655	-
Accrued interest receivable	-	3	3	-
Capital construction-				
Investments	-	60,934	60,934	-
Escrow	-	2,942	2,942	-
Meter deposits-				
Investments	-	5,107	5,107	-
Closure/Post-closure trust fund				
Investments	8,526	-	8,526	-
Capital Assets-				
Land	209,703	21,490	231,193	-
Buildings and improvements	1,286,267	2,833	1,289,100	563
Water and sewer system	-	746,116	746,116	-
Machinery and equipment	91,903	11,846	103,749	1,158
Infrastructure	818,245	-	818,245	-
Drainage systems	-	89,651	89,651	-
Construction in progress	95,666	109,054	204,720	-
Accumulated depreciation	(908,316)	(295,930)	(1,204,246)	(1,119)
<b>Total Assets</b>	<b>\$ 1,944,059</b>	<b>\$ 820,698</b>	<b>\$ 2,764,757</b>	<b>\$ 109,081</b>

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

**CITY OF ARLINGTON, TEXAS  
STATEMENT OF NET POSITION  
AS OF SEPTEMBER 30, 2013  
(CONTINUED)  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 15,835	\$ 5,277	\$ 21,112	\$ 996
Retainage payable	1,094	-	1,094	-
Accrued interest	2,987	-	2,987	-
Unearned revenue	1,399	-	1,399	115
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	1,834	1,834	-
Retainage payable	-	1,258	1,258	-
Accrued interest	-	1,620	1,620	-
Meter deposits	-	5,107	5,107	-
Non-current liabilities				
Due within one year:				
Estimated claims payable	3,757	-	3,757	-
General obligation and certificates of obligation debt	30,175	-	30,175	-
Special tax revenue debt	7,710	-	7,710	-
Accrued compensated absences	1,265	160	1,425	-
Revenue bonds	-	13,370	13,370	-
Due in more than one year:				
Estimated claims payable	4,665	-	4,665	-
Net other post-employment benefit obligation	30,229	-	30,229	-
Net pension obligation	17,624	-	17,624	-
General obligation and certificates of obligation debt	283,428	-	283,428	-
Special tax revenue debt	218,008	-	218,008	-
Landfill closure accrued liabilities	8,526	-	8,526	-
Accrued compensated absences	23,078	1,774	24,852	-
Revenue bonds	-	134,252	134,252	-
<b>Total Liabilities</b>	<b>649,780</b>	<b>164,652</b>	<b>814,432</b>	<b>1,111</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,183,621	597,114	1,780,735	602
Restricted for debt service	38,130	14,299	52,429	-
Restricted for use of impact fees	7,039	-	7,039	-
Restricted for housing assistance	-	-	-	860
Restricted for endowments	-	-	-	102,455
Unrestricted	65,489	44,633	110,122	4,053
<b>Total Net Position</b>	<b>\$ 1,294,279</b>	<b>\$ 656,046</b>	<b>\$ 1,950,325</b>	<b>\$ 107,970</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, 2013  
(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	\$ 65,321	\$ 21,023	\$ 123	\$ 1,357
Public safety	139,309	19,344	6,775	-
Public works	68,633	1,416	2,392	2,731
Public health	2,489	3,488	65	-
Parks and recreation	30,599	10,977	796	393
Public welfare	11,453	224	9,332	-
Convention and event services	6,711	2,594	-	-
Interest and fiscal charges	25,017	-	-	-
<b>Total Governmental Activities</b>	<b>349,532</b>	<b>59,066</b>	<b>19,483</b>	<b>4,481</b>
<b>Business-Type Activities:</b>				
Water and sewer	89,437	114,234	-	3,663
Storm water utility	5,051	10,815	-	-
<b>Total Business-Type Activities</b>	<b>94,488</b>	<b>125,049</b>	<b>-</b>	<b>3,663</b>
<b>Total Primary Government</b>	<b>\$ 444,020</b>	<b>\$ 184,115</b>	<b>\$ 19,483</b>	<b>\$ 8,144</b>
<b>Component Units:</b>				
Arlington Housing Authority	\$ 29,117	\$ -	\$ 26,449	\$ -
Arlington Convention and Visitors Bureau	4,350	4,361	-	-
Arlington Tomorrow Foundation	1,983	-	-	-
Arlington Housing Finance Corporation	-	-	5	-
Arlington Convention Center Development Corp	12,826	-	-	12,819
<b>Total Component Units</b>	<b>\$ 48,276</b>	<b>\$ 4,361</b>	<b>\$ 26,454</b>	<b>\$ 12,819</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 (decrease) in fair value of investments
Other
Transfers
Total general revenues and transfers
Change in net position
Net position - beginning
Net position - ending

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

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (42,818)	\$ -	\$ (42,818)	\$ -
(113,190)	-	(113,190)	-
(62,094)	-	(62,094)	-
1,064	-	1,064	-
(18,433)	-	(18,433)	-
(1,897)	-	(1,897)	-
(4,117)	-	(4,117)	-
(25,017)	-	(25,017)	-
<u>(266,502)</u>	<u>-</u>	<u>(266,502)</u>	<u>-</u>
-	28,460	28,460	-
-	5,764	5,764	-
-	34,224	34,224	-
<u>\$ (266,502)</u>	<u>\$ 34,224</u>	<u>\$ (232,278)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (2,668)
-	-	-	11
-	-	-	(1,983)
-	-	-	5
-	-	-	(7)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,642)</u>
111,877	-	111,877	-
94,071	-	94,071	-
467	-	467	-
1,324	-	1,324	-
113	-	113	-
4,467	-	4,467	-
8,513	-	8,513	-
25,550	-	25,550	-
3,081	353	3,434	2,428
(962)	(131)	(1,093)	388
4,257	-	4,257	10,220
15,556	(15,556)	-	-
<u>268,314</u>	<u>(15,334)</u>	<u>252,980</u>	<u>13,036</u>
1,812	18,890	20,702	8,394
1,292,467	637,156	1,929,623	99,576
<u>\$ 1,294,279</u>	<u>\$ 656,046</u>	<u>\$ 1,950,325</u>	<u>\$ 107,970</u>

**CITY OF ARLINGTON, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Street Capital Projects	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 48,289	\$ 30,447	\$ 69,191	\$ 103,994	\$ 251,921
Closure/Post-closure restricted cash	8,526	-	-	-	8,526
Receivables (net of allowance for uncollectibles)					
Taxes	2,535	580	-	1,849	4,964
Sales taxes	8,872	4,436	-	2,218	15,526
Franchise fees	6,704	-	-	-	6,704
Special assessments	-	-	137	-	137
Accrued interest	861	367	-	-	1,228
Lease and settlement agreements	23,088	-	-	-	23,088
Other	3,555	-	-	882	4,437
Due from other funds	4,916	-	-	-	4,916
Due from other governments	-	-	-	6,656	6,656
Inventory of supplies, at cost	1,172	-	-	243	1,415
Prepaid Expenditures	20	-	-	58	78
<b>Total Assets</b>	<u>\$ 108,538</u>	<u>\$ 35,830</u>	<u>\$ 69,328</u>	<u>\$ 115,900</u>	<u>\$ 329,596</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 10,287	\$ 2	\$ 1,280	\$ 3,820	\$ 15,389
Retainage payable	7	-	592	495	1,094
Due to other funds	-	-	-	4,916	4,916
Closure/Post-closure trust fund	8,526	-	-	-	8,526
Deferred revenue-					
Taxes	2,318	-	-	-	2,318
Landfill liability	5,258	-	-	-	5,258
Gas lease	-	-	-	18	18
Lease and settlement agreements	23,088	-	-	-	23,088
Other	2,314	-	137	1,179	3,630
<b>Total Liabilities</b>	<u>51,798</u>	<u>2</u>	<u>2,009</u>	<u>10,428</u>	<u>64,237</u>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	1,172	-	-	243	1,415
Prepays	20	-	-	58	78
Restricted for:					
Debt Service	-	35,828	-	-	35,828
Capital Projects	-	-	67,319	17,895	85,214
Other purposes	-	-	-	38,361	38,361
Committed to:					
Utility rate case	500	-	-	-	500
Capital Projects	-	-	-	24,592	24,592
Other purposes	-	-	-	22,010	22,010
Assigned to:					
Encumbrances	5,235	-	-	-	5,235
Working capital	17,076	-	-	-	17,076
Subsequent years' expenditures	6,147	-	-	-	6,147
Compensated absences	1,263	-	-	-	1,263
Other post employment benefits	1,718	-	-	-	1,718
Future initiatives	17,206	-	-	-	17,206
Dispatch	615	-	-	-	615
Information Technology	236	-	-	-	236
Business continuity	4,062	-	-	-	4,062
Park performance	-	-	-	2,320	2,320
Unassigned	1,490	-	-	(7)	1,483
<b>Total Fund Balances</b>	<u>56,740</u>	<u>35,828</u>	<u>67,319</u>	<u>105,472</u>	<u>265,359</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 108,538</u>	<u>\$ 35,830</u>	<u>\$ 69,328</u>	<u>\$ 115,900</u>	<u>\$ 329,596</u>

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

**CITY OF ARLINGTON, TEXAS  
RECONCILIATION OF THE STATEMENT OF NET POSITION  
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET  
AS OF SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

**Total fund balance per balance sheet** \$ 265,359

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excluding \$13,690 recorded in the internal service funds). 1,579,778

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

	Deferred & Unearned	Unearned	
Taxes	\$ 2,318	\$ -	
Landfill	5,258	5,258	
Gas lease	18	18	
Grant revenue	649	(3,877)	
Ballpark lease	14,246	-	
Settlement	8,842	-	
Other	2,981	-	
	34,312	1,399	32,913

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 position. 24,758

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 \$8,208 recorded in the internal service funds).

Bonds payable		\$(538,980)	
Less: Deferred charge for issuance costs (to be amortized as interest expense)		5,670	
Premium general obligation debt		(10,023)	
Discount on bonds		2,837	
Deferred loss refunding		6,845	
Accrued interest payable		(2,987)	
Compensated absences		(24,336)	
Net other post-employment benefit obligation		(30,229)	
Net other post-employment asset		518	
TMRS net pension obligation		(17,624)	
Estimated claims		(220)	
			(608,529)

**Net position of governmental activities** \$ 1,294,279

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, 2013**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Streets Capital Projects	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 131,069	\$ 65,281	\$ -	\$ 24,988	\$ 221,338
Licenses and permits	6,823	-	-	-	6,823
Utility franchise fees	25,550	-	-	-	25,550
Fines and forfeitures	15,419	-	-	-	15,419
Leases, rents and concessions	6,932	2,000	-	-	8,932
Service charges	5,100	-	-	15,202	20,302
Interest revenue	1,909	829	222	309	3,269
Net decrease in fair value of investments	(100)	(653)	(87)	(95)	(935)
Contributions	1,425	-	2,315	741	4,481
Intergovernmental revenues	9	-	-	19,474	19,483
Gas lease royalty	-	-	-	7,561	7,561
Gas lease other	-	-	-	107	107
Other	54	161	108	3,226	3,549
<b>Total Revenues</b>	<u>194,190</u>	<u>67,618</u>	<u>2,558</u>	<u>71,513</u>	<u>335,879</u>
<b>EXPENDITURES</b>					
Current-					
General government	37,554	-	-	2,634	40,188
Public safety	128,437	-	-	4,392	132,829
Public works	23,736	-	-	20,415	44,151
Public health	1,928	-	-	421	2,349
Public welfare	-	-	-	9,391	9,391
Parks and recreation	14,147	-	-	12,591	26,738
Convention and event services	-	-	-	6,711	6,711
Capital outlay	-	-	13,492	13,833	27,325
Debt service-					
Principal retirement	-	49,625	-	-	49,625
Redemption premium	-	299	-	-	299
Interest and fiscal charges	-	25,062	-	-	25,062
<b>Total Expenditures</b>	<u>205,802</u>	<u>74,986</u>	<u>13,492</u>	<u>70,388</u>	<u>364,668</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,612)</u>	<u>(7,368)</u>	<u>(10,934)</u>	<u>1,125</u>	<u>(28,789)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	12,625	7,010	19,635
Issuance of refunding bonds	-	6,345	-	85	6,430
Amount used for refunding bond refunding escrow	-	(6,585)	-	-	(6,585)
Bond premium	-	328	360	147	835
Transfers in	18,710	3,946	-	19,812	42,468
Transfers out	(13,855)	-	-	(17,590)	(31,445)
<b>Total Other Financing Sources and Uses</b>	<u>4,855</u>	<u>4,034</u>	<u>12,985</u>	<u>9,464</u>	<u>31,338</u>
<b>Net Change in Fund Balances</b>	<u>(6,757)</u>	<u>(3,334)</u>	<u>2,051</u>	<u>10,589</u>	<u>2,549</u>
<b>Fund Balances, October 1,</b>	<u>63,497</u>	<u>39,162</u>	<u>65,268</u>	<u>94,883</u>	<u>262,810</u>
<b>Fund Balances, September 30</b>	<u>\$ 56,740</u>	<u>\$ 35,828</u>	<u>\$ 67,319</u>	<u>\$ 105,472</u>	<u>\$ 265,359</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, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

**Net change in fund balance - total governmental funds** \$ 2,549

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. 27,495

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. (55,866)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (355)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Interest on bond payoff	(776)	
Repayment of general obligation debt	49,625	
Proceeds from issuance of bonds	(19,395)	
Repayment of capital lease	17	
Amortization of deferred loss on bond refunding	(518)	
Amortization of bond premium	1,176	30,129

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	1,015	
Accrued interest expense	194	
Post-employment benefit obligation expense	(3,026)	
Post-employment benefit asset	128	
TMRS net pension obligation	57	
Amortization of issuance cost	(331)	
Estimated salary expense	(220)	
Sales tax	55	(2,128)

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. (12)

**Change in net position of governmental activities** \$ 1,812

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

**CITY OF ARLINGTON, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities			Governmental Activities- Internal Service Funds
	Enterprise Funds			
	Water and Sewer	Storm Water Utility	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 15,564	\$ 23,695	\$ 39,259	\$ 17,473
Receivables (net of allowances for uncollectibles):				
Trade accounts	7,914	993	8,907	5
Unbilled trade accounts	7,030	491	7,521	-
Other	2	-	2	-
Prepaid Expenditures	-	-	-	25
Inventory of supplies, at cost	460	-	460	67
Subtotal	<u>30,970</u>	<u>25,179</u>	<u>56,149</u>	<u>17,570</u>
Restricted Assets:				
Bond contingency-cash and cash equivalents	3,604	-	3,604	-
Capital construction-cash and cash equivalents	11,053	-	11,053	-
<b>Total Current Assets</b>	<u>45,627</u>	<u>25,179</u>	<u>70,806</u>	<u>17,570</u>
<b>Non-Current Assets:</b>				
Restricted Assets:				
Bond contingency-				
Investments	9,051	-	9,051	-
Accrued interest	3	-	3	-
Capital construction-				
Investments	49,881	-	49,881	-
Escrow	2,942	-	2,942	-
Meter deposit investments	5,107	-	5,107	-
Capital Assets:				
Land	7,067	14,423	21,490	-
Buildings and improvements	2,833	-	2,833	467
Water and sewer system	746,116	-	746,116	-
Machinery and equipment	11,846	-	11,846	41,910
Drainage system	-	89,651	89,651	-
Construction-in-progress	97,576	11,478	109,054	-
Accumulated depreciation	<u>(262,327)</u>	<u>(33,603)</u>	<u>(295,930)</u>	<u>(28,687)</u>
Total Capital Assets Net of Accumulated				
Depreciation	<u>603,111</u>	<u>81,949</u>	<u>685,060</u>	<u>13,690</u>
<b>Total Noncurrent Assets</b>	<u>670,095</u>	<u>81,949</u>	<u>752,044</u>	<u>13,690</u>
<b>Total Assets</b>	<u>\$ 715,722</u>	<u>\$ 107,128</u>	<u>\$ 822,850</u>	<u>\$ 31,260</u>

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

(continued)

CITY OF ARLINGTON, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013  
(CONTINUED)  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 3,711	\$ 1,566	\$ 5,277	\$ 446
Accrued compensated absences	151	9	160	-
Revenue bonds payable from unrestricted assets	7,120	1,280	8,400	-
<b>Current Liabilities Payable From Restricted Assets:</b>				
Accounts payable and accrued liabilities	1,834	-	1,834	-
Retainage payable	1,153	105	1,258	-
Accrued interest	1,299	321	1,620	-
Estimated claims payable	-	-	-	3,537
Revenue bonds payable	4,970	-	4,970	-
Meter deposits	5,107	-	5,107	-
<b>Total Current Liabilities</b>	<b>25,345</b>	<b>3,281</b>	<b>28,626</b>	<b>3,983</b>
<b>Noncurrent Liabilities:</b>				
Estimated claims payable	-	-	-	4,665
Compensated absences	1,599	175	1,774	6
Revenue bonds payable from restricted assets	-	22,701	22,701	-
Revenue bonds payable from unrestricted assets	111,551	-	111,551	-
<b>Total Noncurrent Liabilities</b>	<b>113,150</b>	<b>22,876</b>	<b>136,026</b>	<b>4,671</b>
<b>Total Liabilities</b>	<b>138,495</b>	<b>26,157</b>	<b>164,652</b>	<b>8,654</b>
<b>NET POSITION</b>				
Net investment in capital assets	539,251	57,863	597,114	13,690
Restricted for debt service	14,299	-	14,299	-
Unrestricted	23,677	23,108	46,785	8,916
<b>Total Net Position</b>	<b>\$ 577,227</b>	<b>\$ 80,971</b>	<b>\$ 658,198</b>	<b>\$ 22,606</b>
Reconciliation to government-wide statements of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(2,152)	
Net position of business-type activities			\$ 656,046	

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

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Storm Water Utility</b>	<b>Total</b>	
<b>Operating Revenues:</b>				
Water sales	\$ 59,007	\$ -	\$ 59,007	\$ -
Sewer service	50,162	-	50,162	-
Storm water fee - commercial	-	4,966	4,966	-
Storm water fee - residential	-	5,849	5,849	-
Service charges	-	-	-	33,173
Sundry	5,065	-	5,065	-
<b>Total Operating Revenues</b>	<u>114,234</u>	<u>10,815</u>	<u>125,049</u>	<u>33,173</u>
<b>Operating Expenses:</b>				
Purchase of water	18,821	-	18,821	-
Purchase of sewage treatment	25,274	-	25,274	-
Salaries and wages	12,540	1,429	13,969	334
Employees' retirement	1,873	226	2,099	56
Supplies	3,456	72	3,528	4,381
Maintenance and repairs	3,831	375	4,206	130
Utilities	2,831	8	2,839	58
Claims (net of adjustments)	-	-	-	24,731
Legal and professional	-	-	-	824
Depreciation	14,658	1,698	16,356	3,385
Miscellaneous services	4,315	735	5,050	4,310
<b>Total Operating Expenses</b>	<u>87,599</u>	<u>4,543</u>	<u>92,142</u>	<u>38,209</u>
<b>Operating Income (Loss)</b>	<u>26,635</u>	<u>6,272</u>	<u>32,907</u>	<u>(5,036)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	281	72	353	48
Net decrease in the fair value of investments	(111)	(20)	(131)	(27)
Gain on sale of assets	-	-	-	189
Interest expense and fiscal charges	(1,555)	(508)	(2,063)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(1,385)</u>	<u>(456)</u>	<u>(1,841)</u>	<u>210</u>
Income (loss) before transfers and contributions	25,250	5,816	31,066	(4,826)
Contributions in aid of construction	3,663	-	3,663	-
Transfers in	-	-	-	4,552
Transfers out	(14,448)	(1,108)	(15,556)	(19)
<b>Change in Net Position</b>	<u>14,465</u>	<u>4,708</u>	<u>19,173</u>	<u>(293)</u>
<b>Total Net Position, October 1</b>	<u>562,762</u>	<u>76,263</u>	<u>639,025</u>	<u>22,899</u>
<b>Total Net Position, September 30</b>	<u>\$ 577,227</u>	<u>\$ 80,971</u>	<u>\$ 658,198</u>	<u>\$ 22,606</u>
Net change in net position - total proprietary funds			\$ 19,173	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(283)	
Change in net position of business-type activities			<u>\$ 18,890</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, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 114,551	\$ 10,676	\$ 125,227	\$ 33,173
Cash payments to suppliers	(58,991)	(233)	(59,224)	(34,371)
Cash payments to employees	(14,274)	(1,650)	(15,924)	(493)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>41,286</b>	<b>8,793</b>	<b>50,079</b>	<b>(1,691)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	-	-	4,552
Transfers out	(14,448)	(1,108)	(15,556)	(19)
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>(14,448)</b>	<b>(1,108)</b>	<b>(15,556)</b>	<b>4,533</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(28,545)	(7,551)	(36,096)	(4,767)
Decrease in escrow balance	3,666	-	3,666	-
Proceeds from sales of capital assets	-	-	-	224
Proceeds from issuance of long-term debt	18,716	-	18,716	-
Repayment of long-term debt	(18,830)	(1,280)	(20,110)	-
Interest payment long-term debt	(4,931)	(1,107)	(6,038)	-
<b>Net Cash Used For Capital And Related Financing Activities</b>	<b>(29,924)</b>	<b>(9,938)</b>	<b>(39,862)</b>	<b>(4,543)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from interest earnings	365	81	446	56
Net decrease in the fair value of investments	(111)	(20)	(131)	(27)
Purchase of investments	41,260	-	41,260	-
Maturities/sales of investments	(49,495)	-	(49,495)	2,010
<b>Net Cash Provided By (Used For) Investing Activities</b>	<b>(7,981)</b>	<b>61</b>	<b>(7,920)</b>	<b>2,039</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(11,067)</b>	<b>(2,192)</b>	<b>(13,259)</b>	<b>338</b>
<b>Cash And Cash Equivalents, October 1</b>	<b>41,288</b>	<b>25,887</b>	<b>67,175</b>	<b>17,135</b>
<b>Cash And Cash Equivalents, September 30</b>	<b>\$ 30,221</b>	<b>\$ 23,695</b>	<b>\$ 53,916</b>	<b>\$ 17,473</b>
<b>Reconciliation of operating income to net cash provided by (used for ) operating activities:</b>				
Operating income (loss)	\$ 26,635	\$ 6,272	\$ 32,907	\$ (5,036)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	14,658	1,698	16,356	3,385
Amortization of bond premium	292	105	397	-
Amortization of deferred loss on bond refunding	(190)	-	(190)	-
Provision for bad debts	212	5	217	-
(Increase) decrease in- Receivables	(96)	(139)	(235)	-
Inventory of supplies	(48)	-	(48)	(23)
Prepaid expenses	-	-	-	(25)
Increase (decrease) in- Accounts payable and accrued liabilities	420	816	1,236	(483)
Estimated claims payable	-	-	-	547
Retainage payable	(814)	31	(783)	-
Meter deposits	134	-	134	-
Accrued compensated absences	83	5	88	(56)
Total adjustments	14,651	2,521	17,172	3,345
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ 41,286</b>	<b>\$ 8,793</b>	<b>\$ 50,079</b>	<b>\$ (1,691)</b>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets from developers	3,663	-	3,663	-

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

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2013**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 7,845
Investments		
Money market fund	36,980	-
Corporate bonds	1,591	-
Fixed income mutual bond funds	15,363	-
Common stock mutual bond funds	67,259	111
Balanced mutual funds	20,808	-
Participant borrowing	4,938	-
Self directed brokerage accounts	3,168	-
Total Investments	<u>150,107</u>	<u>111</u>
<b>Total Assets</b>	<u>\$ 150,107</u>	<u>\$ 7,956</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ -	\$ 7,845
IRC 401 deferred compensation plans	-	111
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 7,956</u>
<b>NET POSITION</b>		
Held in trust for pension benefits	<u>\$ 150,107</u>	

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

**CITY OF ARLINGTON, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Pension Trust Funds</b>
	<u>                    </u>
<b>ADDITIONS</b>	
Employer contributions	\$ 2,788
Employee contributions	6,098
Net appreciation in fair value of investments	19,282
<b>Total Additions</b>	<u>28,168</u>
<b>DEDUCTIONS</b>	
Benefits	9,832
Plan administration	147
<b>Total Deductions</b>	<u>9,979</u>
<b>Increase in Net Position</b>	18,189
<b>Net Position, October 1</b>	131,918
<b>Net Position, September 30</b>	<u>\$ 150,107</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, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Arlington, Texas (the "City") was incorporated April 19, 1884 and the city charter was adopted January 17, 1920, under the provisions of the Home Rule Amendment to the State Constitution. The City operates under a Council Manager form of government and provides the following services to the citizens of the City: public safety (police and fire), public works, public welfare, parks and recreation, public health, water and sewer utilities, and general administrative services.

The accompanying financial statements of the City include all funds and component units. The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

**A. Financial Statement Presentation**

The basic financial statements are prepared in conformity with GAAP which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both non-current assets and non-current liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which 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. A budgetary comparison statement is presented that compares the originally adopted and final General Fund budget with actual results, and schedules of funding progress for pension and retirement plans are provided, as required, in the Required Supplementary Information section.

**B. Reporting Entity**

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

GASB Statement No. 61. The Financial Reporting Entity, defines component units as legally separate entities that meet any one of the following tests:

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

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

The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

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.

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

Arlington Housing Authority

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

Arlington Convention and Visitors Bureau, Inc.

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

Arlington Tomorrow Foundation

The Arlington Tomorrow Foundation (ATF) oversees an endowment fund 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.

#### Arlington Convention Center Development Corporation

Arlington Convention Center Development Corporation (the "ACCDC") was formed to encourage and assist with planning, designing, constructing and maintaining a convention center complex, sports facility or hotel facility. The City Council serves as the board of directors. Separate ACCDC component unit financial statements are not prepared.

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

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of 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 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 and Street Capital Projects Fund. The enterprise funds are made up of the Water Utility and Storm Water Utility 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 provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. Financial statements of internal service funds are allocated between the governmental and business-type activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc.).

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

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on

the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) 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 funds and fiduciary fund statements. Agency funds, however, report only assets and liabilities and therefore have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 position. 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 and storm water utility fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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 funds 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. 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.
- d. Other Governmental Funds is a summarization of all of the nonmajor governmental funds, including capital project and special revenue funds.

2. Enterprise Funds:

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

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; 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 Trust Funds and the AHA, which maintain separate investments. Each fund's portion of this pool is allocated through its cash and cash equivalent account on the balance sheet. In addition, certain 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 completed. 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 2013, \$2,835,548 of interest cost, net of \$67,235 interest earned, was 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 2013 for the Water and Sewer Fund amounted to approximately \$1,555,000 and \$281,000, respectively. In the Storm Water Utility Fund \$368,392 of interest cost, net of \$10,492 interest earned, was capitalized as capital assets as part of the costs of constructing various projects. Interest expensed (net of capitalized interest) and interest earned in fiscal 2013 for the Storm Water Utility Fund amounted to approximately \$508,000 and \$72,000, respectively.

#### I. Arbitrage Liability

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

#### J. 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 position. 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. Nature and Purpose of Classifications of Fund Equity

Governmental Funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council

through an ordinance. Assigned fund balances are constrained by the intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The City Council has, by resolution 11-361 dated September 27, 2011 adopting the fund balance policy, authorized the City Manager or his designee to assign fund balance to a specific purpose.

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

M. Minimum Fund Balance Policy

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

N. Net position

Net position represents the difference between assets and liabilities. Net position invested in net capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for the same purpose, it is the City's policy to consider restricted net position to be depleted before unrestricted net position is applied.

O. New Accounting Pronouncements

During fiscal year 2013, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. 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. This pronouncement had no impact on current financial statements.

Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 3*. 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. This pronouncement had no impact on current financial statements.

Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. 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. This pronouncement had no impact on current financial statements.

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Current financial statements reflect this presentation.

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

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for the City beginning in fiscal year 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*, which is effective for the City beginning in fiscal year 2014. The objective of this Statement is to improve accounting and financial reporting for a government financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.

Statement No. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*, which is effective for the City beginning in fiscal year 2014. This Statement enhances note disclosures and Required Supplementary Information for pension plans.

Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, which is effective for the City beginning in fiscal year 2015. The objective of this Statement is to improve financial reporting for pension plans. This statement requires recognition of a long-term obligation for pension benefits as a liability.

Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is effective for the City beginning in fiscal year 2014. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, which is effective for the City beginning in fiscal year 2014. This statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees and requires new information to be disclosed.

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which is effective for the City beginning in fiscal year 2015. This statement amends Statement 68 to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68.

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 2013, there were budget amendments in the General Fund in the amount of \$4,335,674 to fund costs associated with wheeled recycling carts. Additionally, \$817,000 was added to the Park Performance Fund’s appropriated budget to pay for equipment and infrastructure improvements.

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.

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

General Fund	Street Capital Projects Fund	Other Nonmajor Funds	Total
\$ 5,235	\$ 16,672	\$ 17,793	\$ 39,700

**B. Excess of expenditures over appropriations**

For the year ended September 30, 2013, there were no expenses exceeding budget in the aggregate.

**C. Deficit fund equity**

The Viridian TIRZ #6 fund has a deficit balance of \$7,000. This fund is not separately reported, but is included as part of the Other Special Revenue Funds of the City. This deficit will be funded from future TIF assessments.

**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, obligations of other states, its agencies, counties, cities, and other political subdivisions rated not less than AA, fully insured or collateralized certificates of deposit,

fully collateralized repurchase agreements, Guaranteed Investment Contracts, commercial paper rated A-1+, P-1 with an underlying long-term rating of AA or better, government pools and money market funds consisting of any of these securities listed. Major provisions of the City's investment policy include the following: depositories must be FDIC-insured institutions, depositories must fully insure or collateralize all deposits, and investments must be purchased in the name of the City and be delivered to the City's agent for safekeeping.

Deposits - At September 30, 2013, the carrying amount of the City's demand deposits was \$15,013,000 (bank balance, \$17,741,000). The \$15,013,000 balance consisted of a \$14,411,000 balance in City Funds and a \$602,000 balance in Component Unit Funds. The balance in cash on hand was \$34,000 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 \$8,526,000. 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, 2013, the City had the following cash, cash equivalents and investments (amounts in thousands):

<b><u>City Funds</u></b>	<b><u>Fair Value</u></b>	<b><u>Weighted average Maturity (in days)</u></b>
Demand Deposits	\$14,411	n/a
Cash on Hand	34	n/a
Other Cash in Bank	(52)	n/a
General Operating/Internal Pool	345,340	560
Debt Service and Working Capital Reserve	1,601	1,792
Dallas Cowboy Complex Development Project Debt Service Reserve	26,015	721
Closure/Post-closure trust fund	8,526	1
<b>Total City</b>	<b>\$395,875</b>	

<b><u>Fiduciary Funds</u></b>	<b><u>Fair Value</u></b>	<b><u>Weighted average Maturity (in days)</u></b>
Agency Funds-Internal Pool	\$7,902	560
Agency Funds- Cash in Bank	(57)	n/a
Agency Funds- Mutual Funds	111	n/a
Pension Trust Funds – Money Market Fund	36,980	n/a
Pension Trust Funds – Corporate Bonds	1,591	n/a
Pension Trust Funds- Mutual Funds	111,536	n/a
<b>Total Fiduciary Funds</b>	<b>\$158,063</b>	

<b><u>Component Units</u></b>	<b><u>Fair Value</u></b>	<b><u>Weighted average Maturity (in days)</u></b>
Demand Deposits	\$602	n/a
Cash in Bank	3,507	n/a
ATF – Internal Pool	15,730	560
ATF – Investments	86,592	1536
AHA – Bank Cert. of Deposit	1,568	273
<b>Total Component Units</b>	<b>\$107,999</b>	

<b>Total Entity – Cash, Cash Equivalents and Investments</b>	<b>\$661,937</b>	
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*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	10 Years	10 Years
Debt Service Sinking & Debt Service	10 Years	10 Years
Closure/Post-closure Trust Fund	10 Years	8 Years

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

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

<u>Security</u>	<u>% of Portfolio</u>
United States Treasury	100% of portfolio per Issuer
U.S. Agencies and Instrumentalities	100% of portfolio 35% per Issuer
Other Obligations guaranteed by U.S.	100% of portfolio 10% per Issuer
Obligations of Texas and its subdivisions	100% of portfolio 2% per Issuer
Obligations of other states and its subdivisions	10% of portfolio 2% per Issuer
Certificates of Deposit	50% of portfolio 20% per Issuer
Repurchase Agreements	40% of portfolio 15% per counterparty
Guaranteed Investment Contract	100% of bond funds
Commercial Paper	20% of portfolio 5% per Issuer
Money Market Mutual Fund	100% of portfolio 15% per MMF
Local Government Investment Pools	100% of portfolio 25% per pool

As of September 30, 2013 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	\$14,411	Demand Deposits	\$602
Cash on Hand	34	Cash in Bank	3,507
Cash in Bank	(52)	ATF - Federal Home Loan Bank	1,890
Federal Home Loan Bank Bonds	52,951	ATF - Federal Home Loan Mortgage Corp.	2,985
Federal Home Loan Mortgage Corp. Bonds	66,361	ATF - Federal National Mortgage Association	1,363
Federal National Mortgage Association Bonds	30,053	ATF - City of San Antonio	59
Federal Farm Credit Bonds	116,372	ATF - State of Texas	33
Farmer Mac	22,567	ATF - Other	1,815
Wells Fargo Money Market	14,175	ATF - Farmer Mac	1,023
City of San Antonio	1,292	ATF - Federal Farm Credit	4,887
State of Texas	730	ATF - TexPool	331
Other	40,035	ATF - TexasDaily	3
TexPool	7,305	ATF - TexStar	275
TexasDaily	70	AHA – Bank Cert. of Deposit	1,568
TexStar	6,064	Chase of Texas	1,066
Chase of Texas	23,507	ATF Dodge & Cox	33,248
<b>Total City</b>	<u>\$395,875</u>	JP Morgan Core Bond	32,749
		Vanguard Inter'l Equity	20,595
		<b>Total Component Units</b>	<u>\$107,999</u>
 <u>Fiduciary Funds</u>	 <u>Fair Value</u>	 <b>Total Entity – Cash, Cash Equivalents and Investments</b>	 <u>\$661,937</u>
Agency Funds - Cash in Bank	\$(57)		
Agency Funds - Mutual Funds	111		
Agency Funds - Federal Home Loan Bank	950		
Agency Funds - Federal Home Loan Mortgage Corp.	1,499		
Agency Funds - Federal National Mortgage Association	684		
Agency Funds – Federal Farm Credit	2,456		
Agency Funds – Farmer Mac	514		
City of San Antonio	29		
State of Texas	17		
Other	912		
Agency Funds - TexPool	166		
Agency Funds - TexasDaily	2		
Agency Funds - TexStar	138		
Pension Trust Funds - Money Market Fund	36,980		
Pension Trust Funds - Corporate Bonds	1,591		
Pension Trust Funds - Mutual Funds	111,536		
Chase of Texas	535		
<b>Total Fiduciary Funds</b>	<u>\$158,063</u>		

*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.

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, 2013, the City's investment in TexPool was \$7,802,000, the City's investment in TexasDaily was \$75,000 and the City's investment in TexStar was \$6,477,000, all at market value.

## **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 September 1, 2012, upon which the original FY13 levy was based, was \$17,677,642,000.

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, 2013, the City had a tax rate of \$0.6480 (\$0.4423 for general government and \$0.2057 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 \$327,389,930 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately \$17,677,642,000.

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

## **3. COWBOYS COMPLEX DEVELOPMENT PROJECT**

In 2004, the voters authorized the City to provide the planning, acquisition, construction and financing for the 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 \$1,109,951,954 with an accumulated depreciation of \$102,835,594.

City Debt – In 2005, the City issued \$297,990,000 Cowboys Complex Special Obligations to fund the City’s share of the project costs for the Complex, including \$164,265,000 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 Cowboy Complex Admissions and Parking Taxes Revenue Bonds, Taxable Series 2006 (the “Cowboys Admission and Parking Taxes Revenue Bonds”) with a pledge of a 10% admissions tax and a \$3 parking tax for events held at the Complex, with additional security provided by a Guaranty Agreement from The Cowboys Stadium, L.P., were issued to fund a portion of the Dallas Cowboy’s funding for the Complex. The Cowboys Admission and Parking Taxes Revenue Bonds are not payable from or secured by any money raised or to be raised from property taxes or any other of the City’s revenue sources and accordingly have not been reported as a liability in the City’s financial statements but are disclosed here as conduit debt. At September 30, 2013, outstanding conduit debt was \$141,465,000.

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.

In July 2013, an agreement was reached between the Cowboys and AT&T for naming rights to the stadium. The City will receive 5% of the revenue from the naming rights deal, up to \$500,000 annually, to help pay off the City’s debt. Once all the debt for the stadium is paid off, both naming rights and lease income will go to the General Fund.

#### **4. RECEIVABLES**

Receivables at September 30, 2013 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	\$ 9,583	\$ 580	\$ -	\$ -	\$ -	\$ 1,849	\$ -	\$ 12,012
Franchise Fees	6,704	-	-	-	-	-	-	6,704
Trade Accounts	-	-	1,047	10,190	-	-	5	11,242
Unbilled Trade Accounts	-	-	491	7,285	-	-	-	7,776
Special Assessments	-	-	-	-	137	-	-	137
Sales Taxes	8,872	4,436	-	-	-	2,218	-	15,526
Lease and settlement agreements	23,088	-	-	-	-	-	-	23,088
Accrued Interest	861	367	-	-	-	-	-	1,228
Other	3,555	-	-	2	-	882	-	4,439
Gross Receivables	52,663	5,383	1,538	17,477	137	4,949	5	82,152
Less: Allowance for Uncollectibles	(7,048)	-	(54)	(2,531)	-	-	-	(9,633)
Net total Receivables	\$ 45,615	\$ 5,383	\$ 1,484	\$ 14,946	\$ 137	\$ 4,949	\$ 5	\$ 72,519

## 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2013 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	\$ 209,703	\$ -	\$ -	\$ 209,703
Construction in progress-other	97,618	24,969	(26,921)	95,666
Total capital assets, not being depreciated	<u>307,321</u>	<u>24,969</u>	<u>(26,921)</u>	<u>305,369</u>
Capital assets, being depreciated:				
Buildings and improvements	1,272,747	13,520	-	1,286,267
Equipment	84,834	9,350	(2,281)	91,903
Infrastructure	806,899	11,346	-	818,245
Total capital assets, being depreciated	<u>2,164,480</u>	<u>34,216</u>	<u>(2,281)</u>	<u>2,196,415</u>
Less accumulated depreciation for:				
Buildings and improvements	184,888	31,499	-	216,387
Equipment	67,675	7,890	(2,243)	73,322
Infrastructure	598,745	19,862	-	618,607
Total accumulated depreciation	<u>851,308</u>	<u>59,251</u>	<u>(2,243)</u>	<u>908,316</u>
Total capital assets, being depreciated, net	<u>1,313,172</u>	<u>(25,035)</u>	<u>(38)</u>	<u>1,288,099</u>
Governmental activities capital assets, net	<u>\$ 1,620,493</u>	<u>\$ (66)</u>	<u>\$ (26,959)</u>	<u>\$ 1,593,468</u>
	Balance at Beginning <u>Of Year</u>	<u>Additions</u>	<u>Retirements</u>	Balance at End <u>Of Year</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 21,444	\$ 46	\$ -	\$ 21,490
Construction in progress	97,531	38,929	(27,406)	109,054
Total capital assets, not being depreciated	<u>118,975</u>	<u>38,975</u>	<u>(27,406)</u>	<u>130,544</u>
Capital assets, being depreciated:				
Buildings and improvements	2,833	-	-	2,833
Drainage System	86,261	3,390	-	89,651
Water and sewer system	718,464	27,652	-	746,116
Machinery and equipment	11,494	352	-	11,846
Total capital assets, being depreciated	<u>819,052</u>	<u>31,394</u>	<u>-</u>	<u>850,446</u>
Less accumulated depreciation for:				
Buildings and improvements	1,297	57	-	1,354
Drainage System	31,905	1,698	-	33,603
Water and sewer system	235,814	14,362	-	250,176
Machinery and equipment	10,558	239	-	10,797
Total accumulated depreciation	<u>279,574</u>	<u>16,356</u>	<u>-</u>	<u>295,930</u>
Total capital assets, being depreciated, net	<u>539,478</u>	<u>15,038</u>	<u>-</u>	<u>554,516</u>
Business-type activities capital assets, net	<u>\$ 658,453</u>	<u>\$ 54,013</u>	<u>\$ (27,406)</u>	<u>\$ 685,060</u>

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

Governmental activities:	
General Government	\$ 26,740
Public Safety	2,641
Parks and recreation	5,034
Public works	21,451
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,385</u>
Total depreciation expense – governmental activities	<u>\$59,251</u>
Business-type activities:	
Storm Water Utility	1,698
Water and sewer	<u>\$ 14,658</u>
Total depreciation expense – business-type activities	<u>\$ 16,356</u>

Discretely presented component units:

(amounts expressed in thousands)

	<u>Balance at</u> <u>Beginning of</u> <u>Year</u>	<u>Transfer and</u> <u>Additions</u>	<u>Transfers and</u> <u>Retirements</u>	<u>Balance at End</u> <u>of Year</u>
<b>Arlington Housing Authority, Inc.</b>				
Capital assets, being depreciated:				
Buildings and improvements	\$ 563	\$ -	\$ -	\$ 563
Machinery and equipment	369	-	-	369
Total capital assets, being depreciated	<u>932</u>	<u>-</u>	<u>-</u>	<u>932</u>
Less accumulated depreciation for:				
Buildings and improvements	(251)	(14)	-	(265)
Machinery and equipment	(263)	(51)	-	(314)
Total accumulated depreciation	<u>(514)</u>	<u>(65)</u>	<u>-</u>	<u>(579)</u>
Arlington Housing Authority, Inc. Capital assets, net	<u>\$ 418</u>	<u>\$ (65)</u>	<u>\$ -</u>	<u>\$ 353</u>
	<u>Balance at</u> <u>Beginning of</u> <u>Year</u>	<u>Transfer and</u> <u>Additions</u>	<u>Transfers and</u> <u>Retirements</u>	<u>Balance at End</u> <u>of Year</u>
<b>Arlington Convention and Visitors Bureau, Inc.</b>				
Capital asset, being depreciated:				
Machinery and equipment	\$ 737	\$ 52	\$ -	\$ 789
Total capital assets, being depreciated	<u>737</u>	<u>52</u>	<u>-</u>	<u>789</u>
Less accumulated depreciation for:				
Machinery and equipment	(467)	(73)	-	(540)
Total accumulated depreciation	<u>(467)</u>	<u>(73)</u>	<u>-</u>	<u>(540)</u>
Arlington Convention and Visitors Bureau, Inc. Capital assets, net	<u>\$ 270</u>	<u>\$ (21)</u>	<u>\$ -</u>	<u>\$ 249</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 849 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, 2012 valuations are contained in the 2012 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.tmrs.com](http://www.tmrs.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 two times 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. In 2013, that amount was equal to 50% 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 contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. The rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. 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 16.77% of covered payroll for the months in calendar year 2012, and 16.47% for the months in calendar year 2013. 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, 2011 valuation is effective of rates beginning January 1, 2013). 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 \$24,352,889 was \$57,213 lower than the City's contributions.

Annual required contribution (ARC)	\$ 24,202,609
Interest	1,237,694
Adjustment to the ARC	<u>(1,087,414)</u>
Annual pension cost (expense)	24,352,889
Contribution made	<u>24,410,102</u>
Increase (decrease) in net pension obligation	(57,213)
Net pension obligation beginning of year	<u>17,681,349</u>
Net pension obligation end of year	<u>\$ 17,624,136</u>

Three-Year Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation (Asset)</u>
2013	\$24,352,889	100.23%	\$17,624,136
2012	\$25,111,256	100.14%	\$17,681,349
2011	\$28,051,791	87.70%	\$17,717,160

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:

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial

experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

As of December 31, 2012, the most recent actuarial valuation date, the plan was 87.1 percent funded. The actuarial accrued liability for benefits was \$904,236,326, and the actuarial value of assets was \$787,497,396, resulting in an unfunded actuarial accrued liability (UAAL) of \$116,738,930. The covered payroll (annual payroll of active employees covered by the plan) was \$145,368,879, and the ratio of the UAAL to the covered payroll was 80.3%.

#### Actuarial Methods and Assumptions:

A summary of actuarial assumptions is as follows:

Actuarial valuation date	12/31/2012
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	25.2 years (closed)
Asset valuation method	Amortized cost
Investment rate of return	7.0 percent
Projected salary increases	Varies by age and service
Payroll growth	3 percent
Withdrawal rate (low, mid or high) for male/female	Mid-High/Mid-High
Inflation rate	3 percent
Cost of living adjustments	1.5 percent

#### 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, 2013, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was \$146,221,000.

The City's total payroll during fiscal 2013 was \$153,444,000. The current year contribution was calculated based on a covered payroll of \$90,286,000, resulting in a required and actual employer contribution of \$2,524,000 and actual employee contributions of \$6,004,000. The employer contribution represents 2.80 percent of the covered payroll. The employee contribution represents approximately 6.65 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2013. 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, 2013, the most recent actuarial valuation date, the plan was 117.4 percent funded. The actuarial accrued liability for benefits was \$2,085,050, and the actuarial value of assets was \$2,448,438, resulting in an excess funded actuarial accrued liability (EAAL) of \$363,388. The covered payroll (annual payroll of active employees covered by the plan) was \$2,791,558, and the ratio of the EAAL to the covered payroll was 13.0 percent.

The contribution rate for employees is 3 percent, and the City's actuarially determined matching percent is zero for fiscal year 2012, however a rate of .5 percent was chosen to provide a cushion for future adverse experience (particularly investment experience, which can be volatile). For fiscal year 2013, the contribution rate required is .5 percent. The City's required contribution rate was determined as part of the July 1, 2013, actuarial valuation (the most recent actuarial valuation) using the aggregate cost method, which does not identify or separately amortize unfunded actuarial liabilities. Under this method the City's contribution rate is equal to the level percentage of future pay that is equivalent to the present value of future benefits less the plan assets.

The actuarial assumptions used in the July 1, 2013 actuarial valuation included were (a) 5.50 percent investment return, (b) no inflation rate adjustment, and (c) 3.50 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. Because the assets of the plan exceed the actuarial liability, amortization of the unfunded liability is discontinued and the contribution required for the plan was developed under the aggregate cost method. This method does not identify or separately amortize unfunded actuarial accrued liabilities; the information presented is intended to serve as a surrogate for the funded status and funding progress of the plan.

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>
9/30/13	\$16,000	100.00%	-
9/30/12	\$15,000	100.00%	-
9/30/11	\$75,000	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.

City contributions for the above plans for the year ended September 30, 2013, are as follows (amounts in thousands):

TMRS	\$24,410
THRIFT	2,524
PTDIT	<u>16</u>
	<u>\$26,950</u>

## 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.

## Statement of Net Position and Statement of Changes in Net Position

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, 2013 (amounts in thousands):

	<u>NET POSITION</u>		
	<u>Part-Time Deferred Income Trust</u>	<u>Thrift Savings Plan</u>	<u>Total</u>
ASSETS			
Investments	\$ 2,506	\$ 146,221	\$ 148,727
Total Assets	<u>2,506</u>	<u>146,221</u>	<u>148,727</u>
NET POSITION, Held in Trust for Pension Benefits	<u>\$ 2,506</u>	<u>\$ 146,221</u>	<u>\$ 148,727</u>

	<u>Changes in Net Position</u>		
	<u>Part-Time Deferred Income Trust</u>	<u>Thrift Savings Plan</u>	<u>Total</u>
ADDITIONS			
Employer contributions	\$ 16	\$ 2,524	\$ 2,540
Employee contributions	94	6,004	6,098
Net appreciation in fair value of investments	<u>103</u>	<u>19,123</u>	<u>19,226</u>
Total Additions	<u>213</u>	<u>27,651</u>	<u>27,864</u>
DEDUCTIONS			
Benefits	(111)	(9,557)	(9,668)
Plan administration	<u>(47)</u>	<u>(76)</u>	<u>(123)</u>
Total Deductions	<u>(158)</u>	<u>(9,633)</u>	<u>(9,791)</u>
Increase in Net Position	55	18,018	18,073
NET POSITION, October 1	<u>2,451</u>	<u>128,203</u>	<u>130,654</u>
NET POSITION, September 30	<u>\$ 2,506</u>	<u>\$ 146,221</u>	<u>\$ 148,727</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, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits:	16
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*Plan Description.* DIP is a single-employer defined benefit disability income plan that covers the employees of the City. The plan originally provided in-service death benefits and long term disability benefits commencing upon disablement. The plan was amended to eliminate the in-service death benefit and to start disability payments at age 65. The plan contemplates that long term disability benefits will be provided through a separate LTD insurance contract prior to age 65. The retired life liability for current disabled employees (many of whom are under age 65) is retained under the plan.

*Contributions.* The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City's contribution is determined through an actuarial valuation. For the year ended September 30, 2013, the City contributed \$248,000 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, 2013, the most recent actuarial valuation date, the plan was 78.7 percent funded. The actuarial accrued liability for benefits was \$1,708,448, and the actuarial value of assets was \$1,344,216, resulting in an unfunded actuarial accrued liability (UAAL) of \$364,232.

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	7/1/2013
Actuarial cost method	Entry age normal
Amortization method	Level dollar amortization
Remaining amortization period	9 years (closed)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.5 percent
Inflation rate	3.0 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	\$ 91
Interest on net OPEB asset	(21)
Adjustment to annual required contribution	50
Annual OPEB cost (expense)	120
Contributions made	(248)
Increase in net OPEB asset	(128)
Net OPEB asset - beginning of year	(390)
Net OPEB asset - end of year	<u>\$ (518)</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2013 and the five preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Contribution</u>	<u>Net OPEB Obligation (Asset)</u>
9/30/13	\$120,000	206.70%	(\$518,000)
9/30/12	\$283,000	126.10%	(\$390,000)
9/30/11	\$249,000	149.80%	(\$316,000)
9/30/10	\$305,000	127.21%	(\$192,000)
9/30/09	\$358,000	142.25%	(\$109,000)
9/30/08	\$364,000	100.00%	-

DIP does not issue separate GAAP financial reports. Its financial statements are presented below as of September 30, 2013 (in thousands):

<u>Net Position</u>	
Assets	
Investments	\$ 1,380
Total assets	<u>1,380</u>
Net position, held in trust for	
Other postemployment benefits	<u>\$ 1,380</u>

<u>Changes in Net Position</u>	
Additions	
Employer contributions	\$ 248
Net appreciation in fair value	
Of investments	<u>56</u>
Total additions	<u>\$ 304</u>
Deductions	
Benefits	(164)
Plan Administration	<u>(24)</u>
Total deductions	<u>(188)</u>
Increase in net position	116
Net position, October 1, 2012	<u>1,264</u>
Net position, September 30, 2013	<u>\$ 1,380</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, 2013, 669 retirees met those eligibility requirements. The City plan has a non-duplication coordination of benefits with Medicare and other primary plans for retirees and/or their dependants.

#### Retiree Contributions for Pre-2008 Retirees

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

#### Retiree Contributions for January 1, 2008 and After

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

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

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

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

Annual required contribution	\$ 9,133
Interest on net OPEB Obligation	1,224
Adjustment to annual required contribution	<u>(1,634)</u>
Annual OPEB cost (expense)	8,723
Contributions made	<u>(5,697)</u>
Increase in net OPEB obligation	3,026
Net OPEB obligation – beginning of year	<u>27,203</u>
Net OPEB obligation – end of year	<u><u>\$ 30,229</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the five preceding years are as follows (dollar amounts in thousands):

<u>Ending</u>	<u>Cost</u>	<u>Contribution</u>	<u>Obligation</u>
9/30/13 \$	8,723	65.31%	\$ 30,229
9/30/12 \$	12,133	46.66%	\$ 27,203
9/30/11 \$	8,379	56.14%	\$ 20,731
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 July 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$107.5 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$107.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$131.8 million, and the ratio of the UAAL to the covered payroll was 81.5 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.

Valuation date	7/1/2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open
Remaining amortization period	30 years
Healthcare Cost trend rate - medical	7.5% initial (2013) 4.5% ultimate (2023)
Inflation rate	3.00%

### **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 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 .14 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 position available for OPEB. The City's contributions to SDBF for the years ended September 30, 2013, 2012, and 2011, were \$207,493, \$209,933, and \$201,409, respectively, which equaled the required contributions each year.

## **8. DEBT AND LIABILITIES**

### General Obligation Bonds

On June 1, 2013, the City issued Permanent Improvement Bonds, Series 2013A of \$19,635,000 with an interest rate of 3.0 to 4.0 percent and serial maturities on August 15 from 2014 through 2033. Interest on the bonds is due every February and August 15, beginning February 15, 2014. The bonds were issued for designing, developing, constructing, improving, extending and expanding streets, thoroughfares, sidewalks, bridges and other public ways of the City; acquiring, developing, renovating and improving parks and open spaces for parks and recreation purposes; designing, constructing, improving, renovating, expanding, equipping, and furnishing fire fighting facilities; and paying costs related to the issuance of the 2013A Bonds. Total interest requirements for the Series A bonds at a rate from 3.00 to 4.00 percent is \$7,452,166 in the aggregate.

In June, 2013 the City issued \$6,345,000 in Permanent Improvement Refunding Bonds, Series 2013B for the purpose of refunding a portion of the City's outstanding debt, and paying the cost of issuance of the bonds. The Series B bonds mature on August 15 over a period from 2014 to 2023. Interest is payable February 15 and August 15 of each year commencing August 15 2013. Total interest requirements for the Series B bonds at a rate from 2.00 to 3.00 percent is \$623,050 in the aggregate. The refunding was undertaken to achieve a present value savings on debt service payments of \$653,770. The following is a breakdown of the refunded obligations (amounts in thousands):

Bonds	Original Maturity Date	Interest Rate	Amount Refunded
Permanent Improvement and Refunding Bonds, Series 2003	8/15/2014	5.00	\$2,335
	8/15/2015	5.00	775
	8/15/2016	5.00	405
	8/15/2017	5.00	405
	8/15/2018	5.00	405
	8/15/2019	5.00	405
	8/15/2020	5.00	405
	8/15/2021	5.00	405
	8/15/2022	5.00	405
	8/15/2023	5.00	405
			<u>\$6,350</u>

Bonds	Original Maturity Date	Interest Rates	Amount Refunded
Combination Tax and Revenue Certificates of Obligation, Series 2003	8/15/2014	4.00	<u>\$75</u>
	Total Refunded Obligations		<u>\$6,425</u>

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

Purpose	Interest Rates	Amount
Governmental activities	3.0-5.500%	\$ 90,295
Governmental activities - refunding	1.0-5.000%	165,635
Total Governmental		<u>\$ 255,930</u>

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

Year Ending September 30	Governmental Activities, General Obligation			
		<u>Principal</u>		<u>Interest</u>
2014	\$	25,440	\$	9,957
2015		25,315		8,957
2016		23,920		7,934
2017		23,245		6,966
2018		20,105		6,037
2019-2023		73,335		20,173
2024-2028		46,715		8,729
2029-2033		17,855		1,526
	\$	<u>255,930</u>	\$	<u>70,279</u>

General obligation debt authorized and unissued as of September 30, 2013, amounted to \$75,690,000.

Certificates of Obligation

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

Year Ending September 30	Governmental Activities, Certificates of Obligation			
		<u>Principal</u>		<u>Interest</u>
2014	\$	4,735	\$	2,344
2015		4,535		2,198
2016		4,295		2,062
2017		3,065		1,934
2018		2,300		1,816
2019-2023		12,440		7,486
2024-2028		13,200		4,466
2029-2033		11,540		1,631
	\$	<u>56,110</u>	\$	<u>23,937</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 2008-2009, the City issued \$112,185,000, Series 2008, and \$62,820,000, Series 2009, in Special Tax Revenue Bonds, refunding a total of \$164,265,000 of the 2005B issue principal.

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

Year Ending September 30	Governmental Activities, Special Revenue	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 7,710	\$ 11,601
2015	8,070	11,239
2016	8,530	10,854
2017	8,570	10,427
2018	13,235	10,019
2019-2023	76,805	39,844
2024-2028	88,390	17,217
2029-2032	15,630	2,382
	<u>\$ 226,940</u>	<u>\$ 113,583</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 \$500,000 annually to repay the Dallas Cowboys Stadium Bonds. Annual principal and interest payments are expected to require 100 percent of these revenues. Series 2005A are subject to mandatory sinking fund redemption to the extent that there are moneys on deposit available for such purpose. In 2013, the City redeemed \$13,300,000 of the 2005A Term Bonds maturing August 15, 2032. The total principal and interest remaining to be paid on the Dallas Cowboys Stadium Bonds is \$340,523,000. Principal and interest payments and total pledged revenues for the year ended September 30, 2013 were \$20,632,000 and \$21,371,000, respectively, exclusive of the redemption.

#### Revenue Bonds

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

In fiscal year 2013, the City issued \$910,000 related to the 2008 debt issue held by the Texas Water Development Board (TWDB) as part of the TWDB Clean and Drinking Water Programs. The City also drew down \$3,666,000 related to previously issued 2010 TWDB Clean Water Debt. Funds from the 2010 debt are held in escrow until the City requests a draw down of funds for a specific purpose. This brings the total outstanding TWDB balance to \$37,675,000. These bonds will mature June 2014 to June 2024 at interest rates to 1.7 percent.

In June, 2013, the City issued \$8,930,000 in Water and Wastewater System Revenue Bonds, Series 2013A. Proceeds from the sale of these bonds will be used to provide funds to improve and extend the System and to pay cost of issuance associated with the Bonds. These bonds mature June 1 over a period from 2014 to 2033. Interest, at a rate of 2.00 to 4.00 percent, is \$3,395,217 in the aggregate.

In June, 2013 the City issued \$8,250,000 in Water and Wastewater System Revenue Refunding Bonds, Series 2013B for the purpose to provide funds to refund certain outstanding obligations and to pay costs of issuance associated with the sale of the bonds. The bonds mature on June 1 over a period from 2014 to 2033. Interest is payable June 1 and December 1 of each year, commencing December 1, 2013. Total interest requirements for these bonds at a rate from 2.00 to 3.00 percent is \$1,139,269 in the aggregate. The refunding was undertaken to achieve a present value savings on debt service payments of \$483,204. The difference between the reacquisition price and the carrying amount of the debt resulted in a loss of \$290,838 which has been recorded in the Proprietary Funds financial statements.

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

Bonds	Original Maturity Date	Interest Rate	Amount Refunded
Water and Wastewater System Revenue Refunding Bonds, Series 2003	6/1/2014	4.00	\$530
	6/1/2015	4.00	520
			<u>\$1,050</u>
Water & Wastewater System Revenue Bonds, Series 2004	6/1/2015	3.60	\$790
	6/1/2016	3.70	790
	6/1/2017	3.80	790
	6/1/2018	3.90	790
	6/1/2019	4.00	790
	6/1/2020	4.10	790
	6/1/2021	4.20	790
	6/1/2022	4.25	785
	6/1/2023	4.30	785
			<u>\$7,100</u>
Total Refunded Obligations			<u><u>\$8,150</u></u>

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

Year Ending September 30	Business Activities					
	Water/Wastewater		Water/Wastewater TWDB		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	8,110	3,158	2,595	776	1,280	963
2015	8,060	2,903	2,595	747	1,280	925
2016	7,490	2,629	2,595	710	1,280	874
2017	6,855	2,356	2,595	669	1,280	822
2018	6,825	2,098	2,595	626	1,280	771
2019-2023	27,495	6,949	12,975	2,346	6,400	3,037
2024-2028	14,515	2,740	10,345	781	6,400	1,629
2029-2033	6,520	615	1,380	35	3,840	339
	<u>85,870</u>	<u>23,448</u>	<u>37,675</u>	<u>6,690</u>	<u>23,040</u>	<u>9,360</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, 2013, net pledged revenues for the water enterprise fund were \$41,574,000 and debt service on the revenue bonds was \$12,222,000. The same pledge for repayment applies to the City's Storm Water Utility revenue of \$8,042,000 for the bonds issued in fiscal year 2013.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2013 (amounts expressed in thousands):

	<u>10/01/2012</u>	<u>Increases</u>	<u>Reductions</u>	<u>09/30/2013</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt	\$ 259,755	\$ 25,980	\$ (29,805)	\$ 255,930	\$25,440
Special tax revenue debt	248,240	-	(21,300)	226,940	7,710
Certificates of obligation	61,055	-	(4,945)	56,110	4,735
Premium on general bonds	6,269	920	(1,530)	5,659	-
Premium on special bonds	4,678	-	(314)	4,364	-
Deferred loss on refunding	(4,487)	(313)	704	(4,096)	-
Deferred loss on special bond refund	(2,886)	-	137	(2,749)	-
Discount on special bonds	(3,125)	-	288	(2,837)	-
Net governmental bonds payable	<u>569,499</u>	<u>26,587</u>	<u>(56,765)</u>	<u>539,321</u>	<u>37,885</u>
Compensated absences	25,435	263	(1,355)	24,343	1,265
Capital leases	17	-	(17)	-	-
Claims	7,643	4,227	(3,448)	8,422	3,757
Landfill Closure	7,657	869	-	8,526	-
Sales tax	55	-	(55)	-	-
Net other post-employ benefit oblg.	27,203	3,026	-	30,229	-
Net pension oblg	<u>17,681</u>	<u>-</u>	<u>(57)</u>	<u>17,624</u>	<u>-</u>
Total governmental long-term liabilities	<u>\$ 655,190</u>	<u>\$ 34,972</u>	<u>\$ (61,697)</u>	<u>\$ 628,465</u>	<u>\$42,907</u>
Business-type activities:					
Water and sewer bonds	\$ 124,285	\$ 18,090	\$ (18,830)	\$ 123,545	\$12,090
Premium on water and sewer bonds	1,113	626	(292)	1,447	-
Deferred loss on refunding	(1,345)	(291)	286	(1,350)	-
Storm water utility bonds	24,320	-	(1,280)	23,040	1,280
Premium on storm water utility bond	<u>1,044</u>	<u>-</u>	<u>(104)</u>	<u>940</u>	<u>-</u>
Net water and sewer bonds payable	<u>149,417</u>	<u>18,425</u>	<u>(20,220)</u>	<u>147,622</u>	<u>13,370</u>
Compensated Absences	<u>1,846</u>	<u>228</u>	<u>(140)</u>	<u>1,934</u>	<u>160</u>
Total busines-type long term liabilities	<u>\$ 151,263</u>	<u>\$ 18,653</u>	<u>\$ (20,360)</u>	<u>\$ 149,556</u>	<u>\$13,530</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, 2013, previously defeased debt still outstanding amounted to \$12,055,000.

## 10. INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2013, is as follows (amounts in thousands):

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$4,916	\$ -
Nonmajor Funds	<u>-</u>	<u>4,916</u>
	<u>\$4,916</u>	<u>\$4,916</u>

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2014.

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	\$ 13,855	\$ 18,710
Debt Service Fund	-	3,946
	<u>13,855</u>	<u>22,656</u>
Total Major Governmental Funds	13,855	22,656
Major Enterprise Fund-Water and Sewer	14,448	-
Major Enterprise Fund-Storm Water Utility	1,108	-
Other Funds:		
Nonmajor Governmental Funds	17,590	19,812
Internal Service Funds	<u>19</u>	<u>4,552</u>
Total All Funds	<u>\$47,020</u>	<u>\$47,020</u>

The Water and Sewer, Storm Water Utility, and Convention and Event Services transferred \$4,709,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred \$11,061,000 to Street Maintenance Fund, Special Transportation (Handitran), Parks Performance Fund, Arlington Property Finance Authority 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 \$1,344,000 from the Convention and Event Services and Water and Sewer Funds to cover debt service repayments.

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

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

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

by an asset recorded for a trust account established for the purpose of paying the closure and post-closure costs as more fully described below. In 2004 the City received a permit for vertical expansion which increased the capacity and the life of the landfill. The \$8,526,000 reported as a landfill closure and post-closure accrued liability at September 30, 2013, represents the cumulative amount reported to date based on the use of approximately 68 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$2,946,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2013. 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 \$5,258,000 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, 2013, 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, 2013. 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	\$ 43,770	\$ 15,728
Park Construction	18,441	2,005
Police Construction	-	-
Traffic Construction	5,818	543
Storm Water Utility Construction	11,478	3,767
Water and Sewer Construction	97,576	19,222
	<u>\$ 177,083</u>	<u>\$ 41,265</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 and storm water utility construction projects are funded by revenue bond proceeds and cash from operating revenues of the water and sewer and storm water systems.

### Litigation

The City is currently involved in several lawsuits in which some liability is probable. The potential liability as of September 30, 2013, cannot be determined. Pursuant to the Texas Tort Claims Act, damages would be capped at \$250,000.

The City is currently involved in an employment lawsuit in which the plaintiff alleges that the City's termination of an Arlington police officer was a violation of the City's personnel policies. The plaintiff elected to appeal his termination to an arbitrator. The arbitrator ruled that the officer be reinstated with back pay. The City appealed the arbitrator's decision. The Court ordered the City to reinstate the officer provided he passes certain requirements, which he has now done. The court has not ruled on whether the officer is entitled to back pay, but a ruling on this issue is anticipated soon. Liability with regard to the officer's back wages is probable. To the extent owed, back pay continues to accrue and a \$220,000 accrual has been recorded at September 30, 2013.

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 2013 and 2012 were as follows (amounts in thousands):

	<b>Workers Compensation</b>		<b>Health</b>		<b>APFA</b>		<b>Other</b>	
	2013	2012	2013	2012	2013	2012	2013	2012
Unpaid claims, Oct 1	\$ 4,307	\$ 6,296	\$ 1,540	\$ 1,790	\$ 1,796	\$ 3,407	\$ -	\$ -
Incurring Claims (including IBNRs and changes in Claim payments)	2,586	(1,989)	21,143	18,761	1,549	(1,402)	232	-
	(2,101)	-	(21,202)	(19,011)	(1,428)	(209)	-	-
Unpaid claims, Sept 30	<u>\$ 4,792</u>	<u>\$ 4,307</u>	<u>\$ 1,481</u>	<u>\$ 1,540</u>	<u>\$ 1,917</u>	<u>\$ 1,796</u>	<u>\$ 232</u>	<u>\$ -</u>

#### 14. LEASES

##### As Lessor

Effective October 1, 1983, the City entered into a contract to lease a tract of land for the purpose of constructing and developing a hotel. The term of the lease is for an initial period of fifty years with renewal options for two additional terms of fifteen years each. The rental payments are based upon a percentage (ranging from 1.0 percent - 1.75 percent) of gross revenues (as defined in the agreement) through December 31, 2006. After December 31, 2006, the lessee shall pay the total annual rent of \$250,000. For each year thereafter the lessee shall pay an annual rent amount equal to the previous year's rent plus an increase not to exceed the effective percentage change in the Consumer Price Index (Specifically CPI-U for Dallas-Fort Worth region) for the previous 12 month period. Total rental payments received in 2013 were approximately \$277,687.

#### 15. SETTLEMENT AGREEMENT

On April 27, 1999, the City entered into a Dispute Settlement Agreement and Agreement\_Not To Pursue Claim (the "Dispute Settlement Agreement") with the Texas Rangers baseball club (the "Rangers"). The Dispute Settlement Agreement relates to the amount of costs of acquiring certain tracts of land for the Project, which the City alleged should be paid by the Rangers (the "Claim").

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

<u>Year</u>	<u>Amount</u>
2013	\$ 1,000,000
2014	1,000,000
2015	1,000,000
2016	1,000,000
2017	1,000,000
2018 to 2022	5,000,000
2023 to 2024	<u>2,000,000</u>
	12,000,000
Less Discount	<u>3,158,000</u>
	<u>\$8,842,000</u>

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

#### 16. CAPITAL LEASE

A lease agreement was executed on June 23, 1992 between the Texas Rangers, Ltd. (the Rangers) and the City for the Ballpark Complex Development (the Facility). The lease is a triple net lease to the Rangers, with the Rangers retaining all concession and signage rights. The Rangers agreed to pay a base rent of \$2,000,000 per year for the 30-year term of the lease. 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:

September 30

2014	\$ 2,000,000
2015	2,000,000
2016	2,000,000
2017	2,000,000
2018	2,000,000
2019-2023	10,000,000
2024	<u>1,055,556</u>
	21,055,556
Less Discount	<u>6,809,247</u>
Minimum future lease rentals	<u>\$14,246,309</u>

## 17. CONDENSED COMPONENT UNIT INFORMATION

The City includes six discretely presented component units in its reporting entity (see note I.B.). Condensed component unit information for the year ended September 30, 2013, for all discretely presented component units is as follows (amounts in thousands):

### Condensed Schedule of Net position

	<u>Arlington Tomorrow Foundation</u>	<u>Housing Authority</u>	<u>Other Discretely Presented Component Units</u>	<u>Total Discretely Presented Component Units</u>
Current and other assets	\$102,573	\$4,889	\$1,017	\$ 108,479
Capital assets	<u>-</u>	<u>353</u>	<u>249</u>	<u>602</u>
Total assets	<u>102,573</u>	<u>5,242</u>	<u>1,266</u>	<u>109,081</u>
Other liabilities	<u>118</u>	<u>752</u>	<u>241</u>	<u>1,111</u>
Total liabilities	<u>118</u>	<u>752</u>	<u>241</u>	<u>1,111</u>
Net position:				
Net investment in capital assets	-	353	249	602
Restricted	102,455	860	-	103,315
Unrestricted	<u>-</u>	<u>3,277</u>	<u>776</u>	<u>4,053</u>
Total net position	<u>\$102,455</u>	<u>\$4,490</u>	<u>\$1,025</u>	<u>\$107,970</u>

### Condensed Schedule of Activities

	<u>Arlington Tomorrow Foundation</u>	<u>Housing Authority</u>	<u>Other Discretely Presented Component Units</u>	<u>Total Discretely Presented Component Units</u>
Expenses	<u>\$1,983</u>	<u>\$29,117</u>	<u>\$17,176</u>	<u>\$48,276</u>
Program Revenues:				
Charges for services	-	-	4,361	4,361
Operating grants and contributions		26,449	5	26,454
Capital grants and Contributions	<u>-</u>	<u>-</u>	<u>12,819</u>	<u>12,819</u>
Net Program (Expense) Revenue	<u>(1,983)</u>	<u>(2,668)</u>	<u>9</u>	<u>(4,642)</u>
Interest Revenues	2,414	12	2	2,428
Other NonTax General Revenues	<u>8,934</u>	<u>1,674</u>	<u>-</u>	<u>10,608</u>
Change in Net position	9,365	(982)	11	8,394
Net position, October 1,	<u>93,090</u>	<u>5,472</u>	<u>1014</u>	<u>99,576</u>
Net position, September 30	<u>\$102,455</u>	<u>\$ 4,490</u>	<u>\$ 1,025</u>	<u>\$107,970</u>

**CITY OF ARLINGTON, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (BUDGETARY BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(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	\$ 130,689	\$ 130,689	\$ 131,069	\$ 3,621	\$ 134,690	\$ 4,001
Licenses and permits	5,050	5,050	6,823	-	6,823	1,773
Utility franchise fees	35,271	35,271	25,550	6,615	32,165	(3,106)
Fines and forfeitures	16,460	16,460	15,419	-	15,419	(1,041)
Leases, rents and concessions	5,791	5,791	6,932	-	6,932	1,141
Service charges	19,168	19,168	5,100	10,108	15,208	(3,960)
Interest revenue	397	397	1,909	(1,643)	266	(131)
Other revenue	1,543	1,543	1,488	-	1,488	(55)
Net increase (decrease) in the fair value of investments	-	-	(100)	100	-	-
<b>Total Revenues</b>	<u>214,369</u>	<u>214,369</u>	<u>194,190</u>	<u>18,801</u>	<u>212,991</u>	<u>(1,378)</u>
<b>EXPENDITURES</b>						
Current-						
General government	35,633	39,969	37,554	(357)	37,197	2,772
Public safety	136,177	136,177	128,437	9,394	137,831	(1,654)
Public works	24,926	24,926	23,736	1,754	25,490	(564)
Public health	1,878	1,878	1,928	4	1,932	(54)
Parks and recreation	13,989	13,989	14,147	(256)	13,891	98
<b>Total Expenditures</b>	<u>212,603</u>	<u>216,939</u>	<u>205,802</u>	<u>10,539</u>	<u>216,341</u>	<u>598</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>1,766</u>	<u>(2,570)</u>	<u>(11,612)</u>	<u>8,262</u>	<u>(3,350)</u>	<u>(780)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	8,915	8,915	18,710	(9,795)	8,915	-
Transfers out	(10,631)	(10,631)	(13,855)	2,794	(11,061)	(430)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,716)</u>	<u>(1,716)</u>	<u>4,855</u>	<u>(7,001)</u>	<u>(2,146)</u>	<u>(430)</u>
<b>Net Change In Fund Balances</b>	<u>50</u>	<u>(4,286)</u>	<u>(6,757)</u>	<u>1,261</u>	<u>(5,496)</u>	<u>(1,210)</u>
<b>Fund Balances, October 1</b>	<u>63,497</u>	<u>63,497</u>	<u>63,497</u>	<u>-</u>	<u>63,497</u>	<u>-</u>
<b>Fund Balances, September 30</b>	<u>\$ 63,547</u>	<u>\$ 59,211</u>	<u>\$ 56,740</u>	<u>\$ 1,261</u>	<u>\$ 58,001</u>	<u>\$ (1,210)</u>

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

The following table discloses certain ten-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</b>	<b>Funded Percent</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
12/31/12	\$787,497	\$904,236	\$116,739	87.1%	\$145,369	80.3%
12/31/11	736,849	868,505	131,656	84.8%	149,940	87.8%
12/31/10	688,015	832,168	144,154	82.7%	142,875	100.9%
12/31/09	373,896	621,177	247,280	60.2%	147,276	167.9%
12/31/08	360,029	594,442	234,413	60.6%	143,791	163.0%
12/31/07	348,785	569,404	220,619	61.3%	130,958	168.5%
12/31/06	342,766	466,521	123,755	73.5%	128,574	96.3%
12/31/05	334,823	447,440	112,617	74.8%	113,823	98.9%
12/31/04	342,453	444,422	101,969	77.1%	115,074	88.6%
12/31/03	336,817	433,336	96,519	77.7%	109,451	88.2%

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

The following table discloses certain ten-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</b>	<b>Funded Percent</b>	<b>Annual Covered Payroll</b>	<b>EAAL as a Percentage of Covered Payroll</b>
7/1/13	\$2,448	\$2,085	\$363	117.4%	\$2,792	13.0%
7/1/12	2,381	2,000	381	119.0%	2,917	13.1%
7/1/11	2,230	1,628	602	136.9%	2,693	22.4%
7/1/10	1,983	1,525	458	130.0%	2,510	18.2%
7/1/09	1,680	1,387	293	121.1%	2,669	11.0%
7/1/08	1,616	1,255	361	128.8%	4,097	8.8%
7/1/07	1,485	1,156	329	128.5%	3,328	9.9%
7/1/06	1,270	1,056	214	120.3%	2,558	8.4%
7/1/04	1,039	914	125	113.7%	2,415	5.2%
7/1/03	929	874	55	106.3%	2415	2.3%

An actuarial valuation was not performed as of 7/1/2005. Valuation results for 7/1/2003 were estimated based on 7/1/02 and 7/1/04 valuations.

The following table discloses eight-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>
9/30/13	\$16,000	100.00%	-
9/30/12	15,000	100.00%	-
9/30/11	75,000	100.00%	-
9/30/10	81,000	100.00%	-
9/30/09	102,000	100.00%	-
9/30/08	112,000	100.00%	-
9/30/07	114,000	100.00%	-
9/30/06	67,000	100.00%	-

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

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Liability (AAL) Entry Age</b>	<b>Funded Ratio</b>	<b>Unfunded AAL</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/13	\$1,344	\$1,708	78.7%	364	Not available	Not available
7/1/12	1,197	1,774	67.4%	577	Not available	Not available
7/1/11	1,008	2,663	37.9%	1,655	125,371	1.3%
7/1/10	798	2,532	31.5%	1,734	119,943	1.4%
7/1/09	581	2,770	21.0%	2,189	122,952	1.8%
7/1/08	482	2,734	17.6%	2,252	117,128	1.9%
7/1/07	349	2,633	13.3%	2,284	105,480	2.2%
7/1/04	286	2,960	9.7%	2,674	102,013	2.6%
7/1/02	288	3,104	9.3%	2,816	104,055	2.7%

An actuarial valuation was not performed as of 7/1/2003, 7/1/2005 or 7/1/2006.

**CITY OF ARLINGTON, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT HEALTHCARE PLAN  
LAST SIX 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</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/13	-	107.5	-	107.5	131.8	81.6%
7/1/12	-	147.7	-	147.7	123.3	119.8%
1/1/11	-	109.0	-	109.0	95.6	114.0%
1/1/10	-	100.9	-	100.9	99.5	101.4%
1/1/09	-	104.5	-	104.5	106.0	98.6%
1/1/07	-	101.8	-	101.8	138.8	73.8%

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 US 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, Tax Increment Reinvestment Zone #5, Core Tax Increment Reinvestment Zone #5, Highlands TIF, Juvenile Case Manager, HUD Special Projects, Environmental Protection Agency, Texas Parks and Wildlife, Department of Energy, Public Improvement District #1, Viridian TIRZ #6, Downtown BID, and Texas Historical Commission.

## CAPITAL PROJECTS FUNDS

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

**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, Technical Capital Projects, and Infrastructure Maintenance Reserve.

CITY OF ARLINGTON, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2013  
 (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	\$ -	\$ 19,582	\$ 7,334	\$ -	\$ -
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	2,218	-	-	-
Other	-	1	-	-	140
Inventory, at cost	-	-	-	-	-
Due from other governments	1,274	-	-	561	1,315
Prepaid expenditures	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,274</b>	<b>\$ 21,801</b>	<b>\$ 7,334</b>	<b>\$ 561</b>	<b>\$ 1,455</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 147	\$ 1,198	\$ -	\$ 84	\$ 259
Retainage payable	-	62	-	28	89
Due to other funds	1,087	-	-	246	918
Deferred revenue					
Gas lease	-	-	-	-	-
Other	-	-	-	-	189
Commercial paper	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,234</b>	<b>1,260</b>	<b>-</b>	<b>358</b>	<b>1,455</b>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	203	-
Other purposes	40	20,541	7,334	-	-
Committed to:					
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned to:					
Park Performance	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balance</b>	<b>40</b>	<b>20,541</b>	<b>7,334</b>	<b>203</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,274</b>	<b>\$ 21,801</b>	<b>\$ 7,334</b>	<b>\$ 561</b>	<b>\$ 1,455</b>

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	
\$ -	\$ -	\$ 16,618	\$ -	\$ 2,961	\$ 2,488	\$ 9,613	\$ 545	\$ 1,525	
-	-	-	-	-	1,849	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	178	-	80	18	465	-	-	
-	-	-	-	243	-	-	-	-	
235	1,944	-	165	-	-	1,162	-	-	
-	-	-	-	-	-	58	-	-	
<u>\$ 235</u>	<u>\$ 1,944</u>	<u>\$ 16,796</u>	<u>\$ 165</u>	<u>\$ 3,284</u>	<u>\$ 4,355</u>	<u>\$ 11,298</u>	<u>\$ 545</u>	<u>\$ 1,525</u>	
\$ 126	\$ 190	\$ -	\$ 49	\$ 509	\$ 164	\$ 532	\$ 5	\$ -	
8	7	-	-	-	-	17	-	25	
82	1,691	-	116	-	-	776	-	-	
-	-	18	-	-	-	-	-	-	
19	-	-	-	212	318	441	-	-	
-	-	-	-	-	-	-	-	-	
<u>235</u>	<u>1,888</u>	<u>18</u>	<u>165</u>	<u>721</u>	<u>482</u>	<u>1,766</u>	<u>5</u>	<u>25</u>	
-	-	-	-	243	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	56	-	-	-	-	8,180	-	-	
-	-	-	-	-	-	-	540	1,500	
-	-	16,778	-	-	3,873	1,359	-	-	
-	-	-	-	2,320	-	-	-	-	
-	-	-	-	-	-	(7)	-	-	
<u>-</u>	<u>56</u>	<u>16,778</u>	<u>-</u>	<u>2,563</u>	<u>3,873</u>	<u>9,532</u>	<u>540</u>	<u>1,500</u>	
<u>\$ 235</u>	<u>\$ 1,944</u>	<u>\$ 16,796</u>	<u>\$ 165</u>	<u>\$ 3,284</u>	<u>\$ 4,355</u>	<u>\$ 11,298</u>	<u>\$ 545</u>	<u>\$ 1,525</u>	

(continued)

CITY OF ARLINGTON, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013  
(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	\$ 22,972	\$ 3,913	\$ 2,331	\$ 14,112	\$ 103,994
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	1,849
Sales tax	-	-	-	-	2,218
Other	-	-	-	-	882
Inventory, at cost	-	-	-	-	243
Due from other governments	-	-	-	-	6,656
Prepaid expenditures	-	-	-	-	58
<b>Total Assets</b>	<u>\$ 22,972</u>	<u>\$ 3,913</u>	<u>\$ 2,331</u>	<u>\$ 14,112</u>	<u>\$ 115,900</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 408	\$ -	\$ 63	\$ 86	\$ 3,820
Retainage payable	12	235	-	12	495
Due to other funds	-	-	-	-	4,916
Deferred revenue					
Gas lease	-	-	-	-	18
Other	-	-	-	-	1,179
Commercial paper	-	-	-	-	-
<b>Total Liabilities</b>	<u>420</u>	<u>235</u>	<u>63</u>	<u>98</u>	<u>10,428</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventory	-	-	-	-	243
Restricted for:					
Capital projects	-	3,678	-	14,014	17,895
Other purposes	-	-	2,268	-	38,419
Committed:					
Capital projects	22,552	-	-	-	24,592
Other purposes	-	-	-	-	22,010
Assigned:					
Park performance	-	-	-	-	2,320
Unassigned	-	-	-	-	(7)
<b>Total Fund Balance</b>	<u>22,552</u>	<u>3,678</u>	<u>2,268</u>	<u>14,014</u>	<u>105,472</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 22,972</u>	<u>\$ 3,913</u>	<u>\$ 2,331</u>	<u>\$ 14,112</u>	<u>\$ 115,900</u>



**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**  
**(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	\$ -	\$ 13,564	\$ 1,565	\$ -	\$ -
Service charges	224	-	-	-	-
Intergovernmental	2,296	-	-	709	4,473
Interest revenue	-	60	23	-	-
Net increase (decrease) in the fair value of investments	-	(21)	(8)	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	-	5	-	-	64
<b>Total Revenues</b>	<b>2,520</b>	<b>13,608</b>	<b>1,580</b>	<b>709</b>	<b>4,537</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	730	-	-
Public safety	-	-	-	-	-
Public works	-	18,301	-	1,311	-
Public health	-	-	-	-	-
Public welfare	3,938	-	-	-	2,654
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	-	1,891
<b>Total Expenditures</b>	<b>3,938</b>	<b>18,301</b>	<b>730</b>	<b>1,311</b>	<b>4,545</b>
Net change in fund balances	(1,418)	(4,693)	850	(602)	(8)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of Certificates of Obligation	-	-	-	-	-
Bond Premium	-	-	-	-	-
Transfers in	1,458	8,072	-	644	8
Transfers out	-	(354)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,458</b>	<b>7,718</b>	<b>-</b>	<b>644</b>	<b>8</b>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	40	3,025	850	42	-
<b>Fund Balance, October 1</b>	<b>-</b>	<b>17,516</b>	<b>6,484</b>	<b>161</b>	<b>-</b>
<b>Fund Balance, September 30</b>	<b>\$ 40</b>	<b>\$ 20,541</b>	<b>\$ 7,334</b>	<b>\$ 203</b>	<b>\$ -</b>

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
\$ -	\$ -	\$ 35	\$ -	\$ -	\$ 6,621	\$ 3,203		\$ -
-	-	-	-	10,118	2,594	1,409	-	-
1,528	4,562	123	768	-	-	5,015	-	-
-	-	41	-	10	10	15	2	5
-	-	(19)	-	-	(3)	(1)	(1)	(2)
-	-	-	-	-	-	-	-	-
-	-	7,561	-	-	-	-	-	-
-	-	107	-	-	-	-	-	-
28	-	-	-	-	6	2,663	-	-
<u>1,556</u>	<u>4,562</u>	<u>7,848</u>	<u>768</u>	<u>10,128</u>	<u>9,228</u>	<u>12,304</u>	<u>1</u>	<u>3</u>
-	-	-	-	-	-	1,555	76	-
-	2,281	-	661	-	-	1,321	-	-
-	-	-	-	-	-	773	-	-
-	-	-	-	-	-	421	-	-
1,556	-	462	-	-	-	781	-	-
-	-	-	-	11,571	-	1,020	-	-
-	-	-	-	-	6,711	-	-	-
-	2,682	156	107	-	-	2,484	-	274
<u>1,556</u>	<u>4,963</u>	<u>618</u>	<u>768</u>	<u>11,571</u>	<u>6,711</u>	<u>8,355</u>	<u>76</u>	<u>274</u>
-	(401)	7,230	-	(1,443)	2,517	3,949	(75)	(271)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	401	784	-	3,548	-	1,198	-	139
-	-	(8,602)	-	(1,040)	(1,856)	(2,835)	-	(30)
-	401	(7,818)	-	2,508	(1,856)	(1,637)	-	109
-	-	(588)	-	1,065	661	2,312	(75)	(162)
-	56	17,366	-	1,498	3,212	7,220	615	1,662
<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 16,778</u>	<u>\$ -</u>	<u>\$ 2,563</u>	<u>\$ 3,873</u>	<u>\$ 9,532</u>	<u>\$ 540</u>	<u>\$ 1,500</u>

**CITY OF ARLINGTON, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Park</b>	<b>TIRZ #5</b>	<b>Traffic</b>	<b>Other Capital Projects</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 24,988
Service charges	857	-	-	-	15,202
Intergovernmental	-	-	-	-	19,474
Interest revenue	72	13	10	48	309
Net increase (decrease) in the fair value of investments	(25)	(5)	(5)	(5)	(95)
Contributions	393	-	348	-	741
Gas lease royalty	-	-	-	-	7,561
Gas lease other	-	-	-	-	107
Other	220	-	-	240	3,226
<b>Total Revenues</b>	<b>1,517</b>	<b>8</b>	<b>353</b>	<b>283</b>	<b>71,513</b>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	273	2,634
Public safety	-	-	-	129	4,392
Public works	-	30	-	-	20,415
Public health	-	-	-	-	421
Public welfare	-	-	-	-	9,391
Parks and recreation	-	-	-	-	12,591
Convention and event services	-	-	-	-	6,711
Capital outlay	3,880	-	1,255	1,104	13,833
<b>Total Expenditures</b>	<b>3,880</b>	<b>30</b>	<b>1,255</b>	<b>1,506</b>	<b>70,388</b>
Net change in fund balances	(2,363)	(22)	(902)	(1,223)	1,125
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	3,701	550	-	2,759	7,010
Proceeds from refunding bond issue	-	-	-	85	85
Issuance of Certificates of Obligation	-	-	-	-	-
Bond Premium	112	-	35	-	147
Transfers in	3,447	-	-	113	19,812
Transfers out	(747)	(250)	(176)	(1,700)	(17,590)
<b>Total Other Financing Sources (Uses)</b>	<b>6,513</b>	<b>300</b>	<b>(141)</b>	<b>1,257</b>	<b>9,464</b>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	4,150	278	(1,043)	34	10,589
<b>Fund Balance, October 1</b>	<b>18,402</b>	<b>3,400</b>	<b>3,311</b>	<b>13,980</b>	<b>94,883</b>
<b>Fund Balance, September 30</b>	<b>\$ 22,552</b>	<b>\$ 3,678</b>	<b>\$ 2,268</b>	<b>\$ 14,014</b>	<b>\$ 105,472</b>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 (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	\$ 36,580	\$ 36,580	\$ 65,281	\$ (29,270)	\$ 36,011	\$ (569)
Interest revenue	123	123	829	(757)	72	(51)
Net increase (decrease) in fair value of investments	-	-	(653)	647	(6)	(6)
Leases, rents and concessions	-	-	2,000	(2,000)	-	-
Other revenue	-	-	161	(161)	-	-
<b>Total Revenues</b>	<u>36,703</u>	<u>36,703</u>	<u>67,618</u>	<u>(31,541)</u>	<u>36,077</u>	<u>(626)</u>
<b>EXPENDITURES</b>						
Debt Service-						
Principal retirement	28,325	28,325	49,625	(21,300)	28,325	-
Redemption premium	-	-	299	(299)	-	-
Interest and fiscal charges	12,944	12,944	25,062	(12,392)	12,670	274
<b>Total Expenditures</b>	<u>41,269</u>	<u>41,269</u>	<u>74,986</u>	<u>(33,991)</u>	<u>40,995</u>	<u>274</u>
<b>Deficiency of Revenues Under Expenditures</b>	<u>(4,566)</u>	<u>(4,566)</u>	<u>(7,368)</u>	<u>2,450</u>	<u>(4,918)</u>	<u>(352)</u>
<b>OTHER FINANCING SOURCES</b>						
Proceeds from refunding bond issue	-	-	6,345	(6,345)	-	-
Proceeds from bond sale	-	-	-	-	-	-
Amount used to fund escrow account	-	-	(6,585)	6,585	-	-
Bond premium	-	-	328	(328)	-	-
Transfers in	4,220	4,220	3,946	88	4,034	(186)
Transfers out	-	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>4,220</u>	<u>4,220</u>	<u>4,034</u>	<u>-</u>	<u>4,034</u>	<u>(186)</u>
<b>Net Change In Fund Balances</b>	<u>(346)</u>	<u>(346)</u>	<u>(3,334)</u>	<u>2,450</u>	<u>(884)</u>	<u>(538)</u>
<b>Fund Balances - Beginning</b>	<u>39,162</u>	<u>39,162</u>	<u>39,162</u>	<u>-</u>	<u>39,162</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 38,816</u>	<u>\$ 38,816</u>	<u>\$ 35,828</u>	<u>\$ 2,450</u>	<u>\$ 38,278</u>	<u>\$ (538)</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
STREET MAINTENANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(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	\$ 13,040	\$ 13,040	\$ 13,564	\$ -	\$ 13,564	\$ 524
Interest revenue	88	88	60	-	60	(28)
Net increase (decrease) in the fair value of investments	-	-	(21)	21	-	-
Other revenue	28	28	5	-	5	(23)
<b>Total Revenues</b>	<u>13,156</u>	<u>13,156</u>	<u>13,608</u>	<u>21</u>	<u>13,629</u>	<u>473</u>
<b>EXPENDITURES</b>						
Current-						
Public works	24,960	24,960	18,301	2,227	20,528	4,432
<b>Total Expenditures</b>	<u>24,960</u>	<u>24,960</u>	<u>18,301</u>	<u>2,227</u>	<u>20,528</u>	<u>4,432</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(11,804)</u>	<u>(11,804)</u>	<u>(4,693)</u>	<u>(2,206)</u>	<u>(6,899)</u>	<u>4,905</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	7,893	7,893	8,072	-	8,072	179
Transfers out	-	-	(354)	-	(354)	(354)
<b>Total Other Financing Sources</b>	<u>7,893</u>	<u>7,893</u>	<u>7,718</u>	<u>-</u>	<u>7,718</u>	<u>(175)</u>
<b>Net Change In Fund Balances</b>	<u>(3,911)</u>	<u>(3,911)</u>	<u>3,025</u>	<u>(2,206)</u>	<u>819</u>	<u>4,730</u>
<b>Fund Balances - Beginning</b>	<u>17,516</u>	<u>17,516</u>	<u>17,516</u>	<u>-</u>	<u>17,516</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 13,605</u>	<u>\$ 13,605</u>	<u>\$ 20,541</u>	<u>\$ (2,206)</u>	<u>\$ 18,335</u>	<u>\$ 4,730</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 PARK PERFORMANCE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 (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	\$ 9,251	\$ 9,251	\$ 10,118	\$ -	\$ 10,118	\$ 867
Interest revenue	-	-	10	-	10	10
<b>Total Revenues</b>	<u>9,251</u>	<u>9,251</u>	<u>10,128</u>	<u>-</u>	<u>10,128</u>	<u>877</u>
<b>EXPENDITURES</b>						
Current-						
Parks and recreation	11,181	11,998	11,571	215	11,786	212
<b>Total Expenditures</b>	<u>11,181</u>	<u>11,998</u>	<u>11,571</u>	<u>215</u>	<u>11,786</u>	<u>212</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(1,930)</u>	<u>(2,747)</u>	<u>(1,443)</u>	<u>(215)</u>	<u>(1,658)</u>	<u>1,089</u>
<b>OTHER FINANCING USES</b>						
Transfers in	2,370	2,370	3,548	-	3,548	1,178
Transfers out	(779)	(779)	(1,040)	-	(1,040)	(261)
<b>Total Other Financing Uses</b>	<u>1,591</u>	<u>1,591</u>	<u>2,508</u>	<u>-</u>	<u>2,508</u>	<u>917</u>
<b>Net Change In Fund Balances</b>	<u>(339)</u>	<u>(1,156)</u>	<u>1,065</u>	<u>(215)</u>	<u>850</u>	<u>2,006</u>
<b>Fund Balances - Beginning</b>	<u>1,498</u>	<u>1,498</u>	<u>1,498</u>	<u>-</u>	<u>1,498</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 1,159</u>	<u>\$ 342</u>	<u>\$ 2,563</u>	<u>\$ (215)</u>	<u>\$ 2,348</u>	<u>\$ 2,006</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 CONVENTION AND EVENT SERVICES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 (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	\$ 5,864	\$ 5,864	\$ 6,621	\$ -	\$ 6,621	\$ 757
Service charges	2,640	2,640	2,594	-	2,594	(46)
Interest revenue	9	9	10	-	10	1
Net increase (decrease) in the fair value of investments	-	-	(3)	3	-	-
Other	2	2	6	-	6	4
<b>Total Revenues</b>	<u>8,515</u>	<u>8,515</u>	<u>9,228</u>	<u>3</u>	<u>9,231</u>	<u>716</u>
<b>EXPENDITURES</b>						
Current-						
Convention & event services	6,754	6,754	6,711	(134)	6,577	177
<b>Total Expenditures</b>	<u>6,754</u>	<u>6,754</u>	<u>6,711</u>	<u>(134)</u>	<u>6,577</u>	<u>177</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>1,761</u>	<u>1,761</u>	<u>2,517</u>	<u>137</u>	<u>2,654</u>	<u>893</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(1,944)	(1,944)	(1,856)	(88)	(1,944)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(1,944)</u>	<u>(1,944)</u>	<u>(1,856)</u>	<u>(88)</u>	<u>(1,944)</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<u>(183)</u>	<u>(183)</u>	<u>661</u>	<u>49</u>	<u>710</u>	<u>893</u>
<b>Fund Balances - Beginning</b>	<u>3,212</u>	<u>3,212</u>	<u>3,212</u>	<u>-</u>	<u>3,212</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 3,029</u>	<u>\$ 3,029</u>	<u>\$ 3,873</u>	<u>\$ 49</u>	<u>\$ 3,922</u>	<u>\$ 893</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON STATEMENT  
WATER AND SEWER FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(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	\$ 62,209	\$ 62,209	\$ 59,007	\$ 31	\$ 59,038	\$ (3,171)
Sewer service	50,600	50,600	50,162	(254)	49,908	(692)
Sundry	4,175	4,175	5,065	2	5,067	892
Total Operating Revenues	<u>116,984</u>	<u>116,984</u>	<u>114,234</u>	<u>(221)</u>	<u>114,013</u>	<u>(2,971)</u>
<b>EXPENDITURES</b>						
Purchases of water	\$ 19,519	\$ 19,519	\$ 18,821	\$ -	\$ 18,821	\$ 698
Purchase of sewage treatment	25,560	25,560	25,274	-	25,274	286
Salaries and wages	12,736	12,736	12,540	(84)	12,456	280
Employees' retirement	1,835	1,835	1,873	-	1,873	(38)
Supplies	3,698	3,698	3,456	17	3,473	225
Maintenance and repairs	3,242	3,242	3,831	32	3,863	(621)
Utilities	3,400	3,400	2,831	-	2,831	569
Franchise fees	6,895	6,895	-	6,895	6,895	-
Payment in lieu of taxes	3,621	3,621	-	3,621	3,621	-
Depreciation	-	-	14,658	(14,658)	-	-
Miscellaneous services	5,521	5,521	4,315	489	4,804	717
Total Operating Expenses	<u>86,027</u>	<u>86,027</u>	<u>87,599</u>	<u>(3,688)</u>	<u>83,911</u>	<u>2,116</u>
Operating Income	<u>30,957</u>	<u>30,957</u>	<u>26,635</u>	<u>3,467</u>	<u>30,102</u>	<u>(855)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	550	550	281	67	348	(202)
Net increase (decrease) in the fair value of investments	-	-	(111)	111	-	-
Interest expense and fiscal charges	(15,626)	(15,626)	(1,555)	(12,096)	(13,651)	1,975
Total Nonoperating Revenues (Expenses)	<u>(15,076)</u>	<u>(15,076)</u>	<u>(1,385)</u>	<u>(11,918)</u>	<u>(13,303)</u>	<u>1,773</u>
Income (loss) before operating transfers and contributions	<u>15,881</u>	<u>15,881</u>	<u>25,250</u>	<u>(8,451)</u>	<u>16,799</u>	<u>918</u>
Contributions in aid of construction	-	-	3,663	(3,663)	-	-
Transfers out	(16,521)	(16,521)	(14,448)	(307)	(14,755)	1,766
Change in net position	(640)	(640)	14,465	(12,421)	2,044	2,684
Total net position-beginning	<u>562,762</u>	<u>562,762</u>	<u>562,762</u>	<u>-</u>	<u>562,762</u>	<u>-</u>
Total net position-ending	<u>\$ 562,122</u>	<u>\$ 562,122</u>	<u>\$ 577,227</u>	<u>\$ (12,421)</u>	<u>\$ 564,806</u>	<u>\$ 2,684</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON STATEMENT  
STORM WATER UTILITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(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	\$ 4,618	\$ 4,618	\$ 4,966	\$ 26	\$ 4,992	\$ 374
Storm water fee- residential	5,661	5,661	5,849	21	5,870	209
Total Operating Revenues	<u>10,279</u>	<u>10,279</u>	<u>10,815</u>	<u>47</u>	<u>10,862</u>	<u>583</u>
<b>EXPENDITURES</b>						
Salaries and wages	\$ 1,679	\$ 1,679	\$ 1,429	\$ (5)	\$ 1,424	\$ 255
Employees' retirement	255	255	226	-	226	29
Supplies	79	79	72	1	73	6
Maintenance and repairs	371	371	375	(88)	287	84
Utilities	7	7	8	-	8	(1)
Depreciation	-	-	1,698	(1,698)	-	-
Miscellaneous services	899	899	735	(10)	725	174
Total Operating Expenses	<u>3,290</u>	<u>3,290</u>	<u>4,543</u>	<u>(1,800)</u>	<u>2,743</u>	<u>547</u>
Operating Income	<u>6,989</u>	<u>6,989</u>	<u>6,272</u>	<u>1,847</u>	<u>8,119</u>	<u>1,130</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	71	71	72	10	82	11
Net increase (decrease) in the fair value of investments	-	-	(20)	20	-	-
Interest expense and fiscal charges	(2,269)	(2,269)	(508)	(2,099)	(2,607)	338
Total Nonoperating Revenues (Expenses)	<u>(2,198)</u>	<u>(2,198)</u>	<u>(456)</u>	<u>(2,069)</u>	<u>(2,525)</u>	<u>349</u>
Income (loss) before operating transfers and contributions	<u>4,791</u>	<u>4,791</u>	<u>5,816</u>	<u>(222)</u>	<u>5,594</u>	<u>803</u>
Transfers out	(5,018)	(5,018)	(1,108)	(4,035)	(5,143)	(125)
Change in net position	(227)	(227)	4,708	(4,257)	451	678
Total net position-beginning	76,263	76,263	76,263	-	76,263	-
Total net position-ending	<u>\$ 76,036</u>	<u>\$ 76,036</u>	<u>\$ 80,971</u>	<u>\$ (4,257)</u>	<u>\$ 76,714</u>	<u>\$ 678</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.

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

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

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS  
 SEPTEMBER 30, 2013  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>General Services</u>	<u>Fleet Services</u>	<u>Arlington Property Finance Authority</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 683	\$ 2,221	\$ 2,902
Investments	-	-	-
Receivables (net of allowances for uncollectibles)			
Trade accounts	-	5	-
Accrued interest	-	-	-
Prepaid expenses	25	-	-
Inventory of supplies, at cost	66	1	-
<b>Total Current Assets</b>	<u>774</u>	<u>2,227</u>	<u>2,902</u>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
Buildings and improvements	-	467	-
Machinery and equipment	-	41,910	-
Less accumulated depreciation	-	(28,687)	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<u>-</u>	<u>13,690</u>	<u>-</u>
<b>Total Assets</b>	<u>774</u>	<u>15,917</u>	<u>2,902</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	136	203	-
Estimated claims payable	-	-	743
<b>Total Current Liabilities</b>	<u>136</u>	<u>203</u>	<u>743</u>
<b>Noncurrent Liabilities:</b>			
Estimated claims payable	-	12	1,174
Accrued compensated absences	6	-	-
<b>Total Noncurrent Liabilities</b>	<u>6</u>	<u>12</u>	<u>1,174</u>
<b>Total Liabilities</b>	<u>142</u>	<u>215</u>	<u>1,917</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	-	13,690	-
Unrestricted	632	2,012	985
<b>Total Net Position</b>	<u>\$ 632</u>	<u>\$ 15,702</u>	<u>\$ 985</u>

<u>Workers'</u> <u>Compensation</u>	<u>Group</u> <u>Health</u>	<u>Total</u>
\$ 7,459	\$ 4,208	\$ 17,473
-	-	-
-	-	5
-	-	-
-	-	25
-	-	67
<u>7,459</u>	<u>4,208</u>	<u>17,570</u>
-	-	467
-	-	41,910
-	-	<u>(28,687)</u>
-	-	13,690
<u>7,459</u>	<u>4,208</u>	<u>31,260</u>
8	99	446
1,313	1,481	3,537
<u>1,321</u>	<u>1,580</u>	<u>3,983</u>
3,479	-	4,665
-	-	6
<u>3,479</u>	<u>-</u>	<u>4,671</u>
<u>4,800</u>	<u>1,580</u>	<u>8,654</u>
-	-	13,690
2,659	2,628	8,916
<u>\$ 2,659</u>	<u>\$ 2,628</u>	<u>\$ 22,606</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
<b>OPERATING REVENUES:</b>			
Service charges	\$ 3,540	\$ 7,026	\$ 14
<b>Total Operating Revenues</b>	<u>3,540</u>	<u>7,026</u>	<u>14</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	243	91	-
Employees' retirement	42	14	-
Supplies	1,179	3,202	-
Maintenance and repairs	11	119	-
Utilities	15	43	-
Claims (net of adjustments)	-	-	1,428
Legal and professional	-	-	8
Depreciation	-	3,385	-
Miscellaneous services	1,697	2,564	49
<b>Total Operating Expenses</b>	<u>3,187</u>	<u>9,418</u>	<u>1,485</u>
<b>OPERATING INCOME (LOSS)</b>	<u>353</u>	<u>(2,392)</u>	<u>(1,471)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest revenue	-	-	11
Net decrease in the fair value of investments	-	-	(10)
Gain (Loss) on sale of assets	-	189	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>-</u>	<u>189</u>	<u>1</u>
<b>Income (Loss) Before Transfers</b>	353	(2,203)	(1,470)
<b>Transfers In</b>	-	3,976	576
<b>Transfers Out</b>	-	-	-
<b>Change In Net Position</b>	<u>353</u>	<u>1,773</u>	<u>(894)</u>
<b>Total Net Position, October 1</b>	279	13,929	1,879
<b>Total Net Position, September 30</b>	<u>\$ 632</u>	<u>\$ 15,702</u>	<u>\$ 985</u>

<u>Workers'</u> <u>Compensation</u>	<u>Group</u> <u>Health</u>	<u>Total</u>
\$ 1,909	\$ 20,684	\$ 33,173
<u>1,909</u>	<u>20,684</u>	<u>33,173</u>
-	-	334
-	-	56
-	-	4,381
-	-	130
-	-	58
2,101	21,202	24,731
333	483	824
-	-	3,385
-	-	4,310
<u>2,434</u>	<u>21,685</u>	<u>38,209</u>
<u>(525)</u>	<u>(1,001)</u>	<u>(5,036)</u>
25	12	48
(10)	(7)	(27)
-	-	189
<u>15</u>	<u>5</u>	<u>210</u>
(510)	(996)	(4,826)
-	-	4,552
<u>(19)</u>	<u>-</u>	<u>(19)</u>
<u>(529)</u>	<u>(996)</u>	<u>(293)</u>
3,188	3,624	22,899
<u>\$ 2,659</u>	<u>\$ 2,628</u>	<u>\$ 22,606</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	<u>General Services</u>	<u>Fleet Services</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 3,540	\$ 7,026
Cash payments to suppliers	(3,233)	(6,172)
Cash payments to employees	(388)	(105)
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>(81)</u>	<u>749</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	3,976
Transfers out	-	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<u>-</u>	<u>3,976</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	-	(4,767)
Proceeds from sales of capital assets	-	224
<b>Net Cash Used For Capital and Related Financing Activities</b>	<u>-</u>	<u>(4,543)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from interest earnings	-	-
Net decrease in the fair value of investments	-	-
Maturities/sales of investments	-	-
<b>Net Cash Provided By Investing Activities</b>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(81)	182
Cash and cash equivalents at October 1	764	2,039
Cash and cash equivalents at September 30	<u>\$ 683</u>	<u>\$ 2,221</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>		
<b>Operating Income (Loss)</b>	<u>\$ 353</u>	<u>\$ (2,392)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	-	3,385
(Increase) decrease in- Inventory of supplies	(23)	-
Prepaid expenses	(25)	-
Increase (decrease) in- Accounts payable and accrued liabilities	(330)	(244)
Estimated claims payable	-	-
Accrued compensated absences	(56)	-
Total adjustments	<u>(434)</u>	<u>3,141</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>\$ (81)</u>	<u>\$ 749</u>

Arlington Property Finance Authority	Workers' Compensation	Group Health	Totals
\$ 14 (1,377) -	\$ 1,909 (1,941) -	\$ 20,684 (21,648) -	\$ 33,173 (34,371) (493)
<u>(1,363)</u>	<u>(32)</u>	<u>(964)</u>	<u>(1,691)</u>
576 -	- (19)	- -	4,552 (19)
<u>576</u>	<u>(19)</u>	<u>-</u>	<u>4,533</u>
- -	- -	- -	(4,767) 224
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,543)</u>
19 (10) 2,010	25 (10) -	12 (7) -	56 (27) 2,010
<u>2,019</u>	<u>15</u>	<u>5</u>	<u>2,039</u>
1,232 1,670	(36) 7,495	(959) 5,167	338 17,135
<u>\$ 2,902</u>	<u>\$ 7,459</u>	<u>\$ 4,208</u>	<u>\$ 17,473</u>
\$ (1,471)	\$ (525)	\$ (1,001)	\$ (5,036)
- -	- -	- -	3,385 (23)
(13) 121	8 485	96 (59)	(483) 547
<u>-</u>	<u>-</u>	<u>-</u>	<u>(56)</u>
<u>108</u>	<u>493</u>	<u>37</u>	<u>3,345</u>
<u>\$ (1,363)</u>	<u>\$ (32)</u>	<u>\$ (964)</u>	<u>\$ (1,691)</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 POSITION  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2013  
 (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	\$ 43	\$ 36,901	\$ 36	\$ 36,980
Corporate bonds	1,060	-	531	1,591
Fixed income mutual funds	964	13,868	531	15,363
Common stock mutual funds	439	66,538	282	67,259
Balanced mutual funds	-	20,808	-	20,808
Participant borrowing	-	4,938	-	4,938
Self-directed brokerage accounts	-	3,168	-	3,168
Total investments	<u>2,506</u>	<u>146,221</u>	<u>1,380</u>	<u>150,107</u>
<b>Total Assets</b>	<b><u>\$ 2,506</u></b>	<b><u>\$ 146,221</u></b>	<b><u>\$ 1,380</u></b>	<b><u>\$ 150,107</u></b>
<b>LIABILITIES</b>				
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Held in trust for employee benefits	<u>\$ 2,506</u>	<u>\$ 146,221</u>	<u>\$ 1,380</u>	<u>\$ 150,107</u>

**CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2013  
 (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	\$ 4,226	\$ 3,454	\$ 165	\$ 7,845
Investments:				
Common stock mutual funds	111	-	-	111
<b>Total Assets</b>	<u>\$ 4,337</u>	<u>\$ 3,454</u>	<u>\$ 165</u>	<u>\$ 7,956</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 4,226	\$ 3,454	\$ 165	\$ 7,845
401K deferred compensation plans	111	-	-	111
<b>Total Liabilities</b>	<u>\$ 4,337</u>	<u>\$ 3,454</u>	<u>\$ 165</u>	<u>\$ 7,956</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds			Total
	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	
<b>ADDITIONS</b>				
Employer contributions	\$ 16	\$ 2,524	\$ 248	\$ 2,788
Employee contributions	94	6,004	-	6,098
Net appreciation in fair value of investments	103	19,123	56	19,282
<b>Total Additions</b>	<u>213</u>	<u>27,651</u>	<u>304</u>	<u>28,168</u>
<b>DEDUCTIONS</b>				
Benefits	111	9,557	164	9,832
Plan administration	47	76	24	147
<b>Total Deductions</b>	<u>158</u>	<u>9,633</u>	<u>188</u>	<u>9,979</u>
<b>Increase in Net Position</b>	55	18,018	116	18,189
<b>Net Position, October 1</b>	2,451	128,203	1,264	131,918
<b>Net Position, September 30</b>	<u>\$ 2,506</u>	<u>\$ 146,221</u>	<u>\$ 1,380</u>	<u>\$ 150,107</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Balance October 1, 2012	Additions	Deductions	Balance September 30, 2013
<b>PAYROLL FUND</b>				
Assets				
Cash and cash equivalents	\$ 4,158	\$ 298,228	\$ 298,160	\$ 4,226
Investments	117	-	6	111
Total assets	<u>\$ 4,275</u>	<u>\$ 298,228</u>	<u>\$ 298,166</u>	<u>\$ 4,337</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 4,158	\$ 298,228	\$ 298,160	\$ 4,226
Accounts payable and accrued liabilities - IRC 401 defined contribution	117	-	6	111
Total liabilities	<u>\$ 4,275</u>	<u>\$ 298,228</u>	<u>\$ 298,166</u>	<u>\$ 4,337</u>
<b>ESCROW FUND</b>				
Assets				
Cash and cash equivalents	\$ 3,142	\$ 8,460	\$ 8,148	\$ 3,454
Total assets	<u>\$ 3,142</u>	<u>\$ 8,460</u>	<u>\$ 8,148</u>	<u>\$ 3,454</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 3,142	\$ 8,460	\$ 8,148	\$ 3,454
Total liabilities	<u>\$ 3,142</u>	<u>\$ 8,460</u>	<u>\$ 8,148</u>	<u>\$ 3,454</u>
<b>ESCHEAT FUND</b>				
Assets				
Cash and cash equivalents	\$ 205	\$ 78	\$ 118	\$ 165
Total assets	<u>\$ 205</u>	<u>\$ 78</u>	<u>\$ 118</u>	<u>\$ 165</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 205	\$ 78	\$ 118	\$ 165
Total liabilities	<u>\$ 205</u>	<u>\$ 78</u>	<u>\$ 118</u>	<u>\$ 165</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and cash equivalents	\$ 7,505	\$ 306,766	\$ 306,426	\$ 7,845
Investments	117	-	6	111
Total assets	<u>\$ 7,622</u>	<u>\$ 306,766</u>	<u>\$ 306,432</u>	<u>\$ 7,956</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 7,505	\$ 306,766	\$ 306,426	\$ 7,845
Accounts payable and accrued liabilities - 401K defined contribution	117	-	6	111
Total Liabilities	<u>\$ 7,622</u>	<u>\$ 306,766</u>	<u>\$ 306,432</u>	<u>\$ 7,956</u>

## **DISCRETELY PRESENTED COMPONENT UNITS**

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

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

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

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

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

**ARLINGTON CONVENTION CENTER DEVELOPMENT CORPORATION** - The purpose of the Arlington Convention Center Development Corporation (ACCDC) is to promote tourism and the convention and hotel industry.

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
AS OF SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Arlington Housing Authority</u>	<u>Arlington Convention &amp; Visitors Bureau</u>	<u>Arlington Tomorrow Foundation</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 3,194	\$ 313	\$ 15,730
Investments	1,568	-	86,592
Receivables (net of allowances for uncollectibles):			
Accrued interest	1	-	73
Other	118	63	178
Prepaid expenses	8	39	-
<b>Total Current Assets</b>	<u>4,889</u>	<u>415</u>	<u>102,573</u>
<b>Non-Current Assets:</b>			
Capital Assets-			
Buildings and improvements	563	-	-
Machinery and equipment	369	789	-
Accumulated depreciation	(579)	(540)	-
<b>Total Non-Current Assets</b>	<u>353</u>	<u>249</u>	<u>-</u>
<b>Total Assets</b>	<u>5,242</u>	<u>664</u>	<u>102,573</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	694	241	61
Deferred revenue	58	-	57
<b>Total Liabilities</b>	<u>752</u>	<u>241</u>	<u>118</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	353	249	-
Restricted for endowments	-	-	102,455
Restricted for Housing Assistance	860	-	-
Unrestricted	3,277	174	-
<b>Total Net Position</b>	<u>\$ 4,490</u>	<u>\$ 423</u>	<u>\$ 102,455</u>

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
AS OF SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Arlington Housing Finance Corporation</b>	<b>Arlington Industrial Development Corporation</b>	<b>Arlington Convention Center Development Corporation</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 384	\$ 3	\$ 215	\$ 19,839
Investments	-	-	-	88,160
Receivables (net of allowances for uncollectibles):				
Accrued interest	-	-	-	74
Other	-	-	-	359
Prepaid expenses	-	-	-	47
<b>Total Current Assets</b>	<u>384</u>	<u>3</u>	<u>215</u>	<u>108,479</u>
<b>Non-Current Assets:</b>				
Capital Assets-				
Buildings and improvements	-	-	-	563
Machinery and equipment	-	-	-	1,158
Accumulated depreciation	-	-	-	(1,119)
<b>Total Non-Current Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>602</u>
<b>Total Assets</b>	<u>384</u>	<u>3</u>	<u>215</u>	<u>109,081</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	-	-	-	996
Deferred revenue	-	-	-	115
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,111</u>
<b>NET POSITION</b>				
Invested in capital assets, net of related debt	-	-	-	602
Restricted for endowments	-	-	-	102,455
Restricted for Housing Assistance	-	-	-	860
Unrestricted	384	3	215	4,053
<b>Total Net Position</b>	<u>\$ 384</u>	<u>\$ 3</u>	<u>\$ 215</u>	<u>\$ 107,970</u>

**CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF ACTIVITIES  
 DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

Program Revenues

Functions/Programs	<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 Housing Authority	29,117	-	26,449	-
Arlington Convention and Visitors Bureau	4,350	4,361	-	-
Arlington Tomorrow Foundation	1,983	-	-	-
Arlington Housing Finance Corporation	-	-	5	-
Arlington Industrial Development Corporation	-	-	-	-
Arlington Convention Center Development Corp	12,826	-	-	12,819
<b>Total Component Units</b>	<u>\$ 48,276</u>	<u>\$ 4,361</u>	<u>\$ 26,454</u>	<u>\$ 12,819</u>

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

**Net (Expenses) Revenue and  
Changes in Net Position**

<u>Arlington Housing Authority</u>	<u>Arlington Convention &amp; Visitors Bureau</u>	<u>Arlington Tomorrow Foundation</u>	<u>Arlington Housing Finance Corporation</u>	<u>Arlington Industrial Development Corporation</u>	<u>Arlington Convention Center Development Corporation</u>	<u>Total</u>
(2,668)	-	-	-	-	-	(2,668)
-	11	-	-	-	-	11
-	-	(1,983)	-	-	-	(1,983)
-	-	-	5	-	-	5
-	-	-	-	-	-	-
-	-	-	-	-	(7)	(7)
<u>\$ (2,668)</u>	<u>\$ 11</u>	<u>\$ (1,983)</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ (7)</u>	<u>\$ (4,642)</u>
\$ 12	\$ -	\$ 2,414	\$ 1	\$ -	\$ 1	\$ 2,428
1,674	-	8,546	-	-	-	10,220
-	-	388	-	-	-	388
<u>1,686</u>	<u>-</u>	<u>11,348</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>13,036</u>
(982)	11	9,365	6	-	(6)	8,394
<u>5,472</u>	<u>412</u>	<u>93,090</u>	<u>378</u>	<u>3</u>	<u>221</u>	<u>99,576</u>
<u>\$ 4,490</u>	<u>\$ 423</u>	<u>\$ 102,455</u>	<u>\$ 384</u>	<u>\$ 3</u>	<u>\$ 215</u>	<u>\$ 107,970</u>

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Arlington Tomorrow Foundation</b>	<b>Arlington Housing Finance Corporation</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ -	\$ 5
Cash received from gas leases	7,624	-
Cash payments to suppliers	(158)	-
Cash payments to employees	(177)	-
Cash payments to grantees	(1,605)	-
Cash payments for housing assistance	-	-
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>5,684</u>	<u>5</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	-
Transfers out	-	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital contribution	-	-
Principal payments on debt	-	-
<b>Net Cash Provided By (Used For) Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from interest earnings	2,727	1
Net increase (decrease) in the fair value of investments	-	-
Purchase of investments	(7,202)	-
Maturities/sales of investments	2,500	-
Realized gain of investments	22	-
<b>Net Cash Provided By (Used For) Investing Activities</b>	<u>(1,953)</u>	<u>1</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	3,731	6
Cash and cash equivalents at October 1	11,999	378
Cash and cash equivalents at September 30	<u>\$ 15,730</u>	<u>\$ 384</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>		
<b>Operating Income</b>	<u>\$ 6,540</u>	<u>\$ 5</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Decrease (increase) in- Receivables	(6)	-
Increase (decrease) in- Accounts payable and accrued liabilities	41	-
Accrued compensated absences	2	-
Deferred revenue	(893)	-
Total adjustments	<u>(856)</u>	<u>-</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>\$ 5,684</u>	<u>\$ 5</u>

Arlington Industrial Development Corporation	Arlington Convention Center Development Corporation	Totals
\$ -	\$ -	\$ 5
-	-	7,624
-	(12,826)	(12,984)
-	-	(177)
-	-	(1,605)
-	-	-
<u>-</u>	<u>(12,826)</u>	<u>(7,137)</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
-	12,819	12,819
-	-	-
<u>-</u>	<u>12,819</u>	<u>12,819</u>
-	1	2,729
-	-	-
-	-	(7,202)
-	-	2,500
<u>-</u>	<u>1</u>	<u>(1,973)</u>
-	(6)	3,731
3	221	12,601
<u>\$ 3</u>	<u>\$ 215</u>	<u>\$ 16,332</u>
\$ -	\$ (12,826)	\$ (6,281)
-	-	-
-	-	(6)
-	-	41
-	-	2
-	-	(893)
<u>-</u>	<u>-</u>	<u>(856)</u>
<u>\$ -</u>	<u>\$ (12,826)</u>	<u>\$ (7,137)</u>



**CITY OF ARLINGTON, TEXAS  
 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES  
 AS OF SEPTEMBER 30, 2013  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 209,703
Buildings	1,106,923
Improvements other than buildings	178,878
Machinery and equipment	49,966
Construction-in-progress	95,666
Infrastructure	<u>818,245</u>
<b>Total Governmental Funds Capital Assets</b>	<b><u>\$ 2,459,381</u></b>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:**

General fund	\$ 1,545,470
Capital Project Fund	<u>913,911</u>
<b>Total Governmental Funds Capital Assets</b>	<b><u>\$ 2,459,381</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 position.

**CITY OF ARLINGTON, TEXAS  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>
<b>Administration:</b>					
Technology services	\$ 14,279	\$ -	\$ -	\$ -	\$ 14,279
Tax	6	-	-	-	6
City administration	1,224,156	127,710	1,029,474	61,764	5,208
Convention center	378	-	-	-	378
<b>Total Administration</b>	<u>1,238,819</u>	<u>127,710</u>	<u>1,029,474</u>	<u>61,764</u>	<u>19,871</u>
<b>Operations:</b>					
Fire	18,831	(208)	11,222	-	7,817
Municipal court	1,409	-	-	-	1,409
Police	35,828	654	21,490	-	13,684
Parks and recreation	187,678	64,522	22,776	97,759	2,621
Communication services	88	-	-	-	88
Airport	46,320	5,655	21,672	18,993	-
<b>Total Operations</b>	<u>290,154</u>	<u>70,623</u>	<u>77,160</u>	<u>116,752</u>	<u>25,619</u>
<b>Development:</b>					
Community development	1,497	-	289	6	1,202
Engineering services	137	-	-	-	137
Transportation	14,863	11,370	-	356	3,137
<b>Total Development</b>	<u>16,497</u>	<u>11,370</u>	<u>289</u>	<u>362</u>	<u>4,476</u>
<b>Total Capital Assets</b>					
<b>Allocated to Functions</b>	<u>1,545,470</u>	<u>\$ 209,703</u>	<u>\$ 1,106,923</u>	<u>\$ 178,878</u>	<u>\$ 49,966</u>
<b>Infrastructure</b>	<u>818,245</u>				
<b>Construction in Progress</b>	<u>95,666</u>				
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 2,459,381</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 position.

**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, 2013  
(AMOUNTS EXPRESSED IN THOUSANDS)**

<u>Function and Activity</u>	<u>Governmental Funds</u>			<u>Governmental Funds</u>
	<u>Capital Assets</u>	<u>Additions</u>	<u>Deletions</u>	<u>Capital Assets</u>
	<u>October 1, 2012</u>			<u>September 30, 2013</u>
<b>Administration:</b>				
Technology services	\$ 14,279	\$ -	\$ -	\$ 14,279
Tax	6	-	-	6
City administration	1,223,622	534	-	1,224,156
Convention center	378	-	-	378
<b>Total Administration</b>	<u>1,238,285</u>	<u>534</u>	<u>-</u>	<u>1,238,819</u>
<b>Operations:</b>				
Fire	17,872	959	-	18,831
Municipal court	1,409	-	-	1,409
Police	35,051	777	-	35,828
Parks and recreation	183,847	3,831	-	187,678
Communication services	88	-	-	88
Airport	36,200	10,120	-	46,320
<b>Total Operations</b>	<u>274,467</u>	<u>15,687</u>	<u>-</u>	<u>290,154</u>
<b>Development:</b>				
Community development	1,373	124	-	1,497
Engineering services	137	-	-	137
Transportation	13,130	1,733	-	14,863
<b>Total Development</b>	<u>14,640</u>	<u>1,857</u>	<u>-</u>	<u>16,497</u>
<b>Infrastructure</b>	<u>806,899</u>	<u>11,346</u>	<u>-</u>	<u>818,245</u>
<b>Construction in Progress</b>	<u>97,618</u>	<u>24,969</u>	<u>(26,921)</u>	<u>95,666</u>
Total Governmental Funds Capital Assets	<u>\$ 2,431,909</u>	<u>\$ 54,393</u>	<u>\$ (26,921)</u>	<u>\$ 2,459,381</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 position.



## **STATISTICAL SECTION (Unaudited)**

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

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

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

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

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

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

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

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

Source: City of Arlington Financial and Management Resources

Table 1

Fiscal Year			
2010	2011	2012	2013
\$ 1,136,342	\$ 1,165,492	\$ 1,164,831	\$ 1,183,621
64,789	42,998	46,032	45,169
101,397	81,671	81,604	65,489
<u>\$ 1,302,528</u>	<u>\$ 1,290,161</u>	<u>\$ 1,292,467</u>	<u>\$ 1,294,279</u>
\$ 541,227	\$ 543,702	\$ 573,042	\$ 597,114
10,140	\$ 19,706	18,655	14,299
33,270	\$ 52,554	45,459	44,633
<u>\$ 584,637</u>	<u>\$ 615,962</u>	<u>\$ 637,156</u>	<u>\$ 656,046</u>
\$ 1,677,569	\$ 1,709,194	\$ 1,737,873	\$ 1,780,735
74,929	62,704	64,687	59,468
134,667	134,225	127,063	110,122
<u>\$ 1,887,165</u>	<u>\$ 1,906,123</u>	<u>\$ 1,929,623</u>	<u>\$ 1,950,325</u>

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

	Fiscal Year			
	2004	2005	2006	2007
<b>Expenses</b>				
Governmental activities:				
General government	\$ 30,646	\$ 26,906	\$ 31,812	\$ 34,120
Public safety	93,852	97,645	102,363	113,343
Public works	55,350	64,369	66,019	73,161
Public health	1,321	2,416	1,697	1,735
Parks and recreation	20,633	23,262	27,761	26,826
Public welfare	5,410	6,383	9,408	11,136
Convention and event services	5,347	5,435	5,094	5,628
Interest on long term debt	14,548	13,898	24,923	24,581
Total governmental activities expenses	\$ 227,107	\$ 240,314	\$ 269,077	\$ 290,530
Business-type activities:				
Water and sewer	67,232	65,220	74,516	72,945
Landfill	2,207	4,310	-	-
Total business-type activities expenses	\$ 69,439	\$ 69,530	\$ 74,516	\$ 72,945
Total primary government expenses	\$ 296,546	\$ 309,844	\$ 343,593	\$ 363,475
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 7,775	\$ 15,449	\$ 21,668	\$ 17,264
Public safety	9,145	6,851	8,206	8,052
Public works	6,059	3,001	3,025	3,052
Public health	1,093	65	71	78
Parks and recreation	7,161	8,243	8,558	8,456
Public welfare	14	-	-	-
Convention and event services	2,422	2,496	2,656	2,418
Operating grants and contributions	7,758	8,144	13,846	14,102
Capital grants and contributions	5,730	4,849	77,683	121,720
Total governmental activities program revenues	\$ 47,157	\$ 49,098	\$ 135,713	\$ 175,142
Business-type activities:				
Charges for services:				
Water and sewer	\$ 88,474	\$ 92,144	\$ 102,745	\$ 88,786
Storm water utility	-	-	-	-
Landfill	6,733	4,484	-	-
Capital grants and contributions	6,656	3,676	5,529	3,600
Other	-	-	-	-
Total business-type activities program revenues	\$ 101,863	\$ 100,304	\$ 108,274	\$ 92,386
Total primary government program revenues	\$ 149,020	\$ 149,402	\$ 243,987	\$ 267,528
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (179,950)	\$ (191,216)	\$ (133,364)	\$ (115,388)
Business-type activities	32,424	30,774	33,758	19,441
Total Primary government net expense	\$ (147,526)	\$ (160,442)	\$ (99,606)	\$ (95,947)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 157,143	\$ 101,235	\$ 104,425	\$ 108,301
Sales taxes	-	60,476	76,483	79,781
Other taxes	-	7,286	8,319	9,249
Gas Lease	-	-	5,020	25,471
Franchise fees	29,321	28,928	31,140	29,145
Investment earnings	1,957	5,642	19,513	21,849
Net increase (decrease) in fair value	(355)	(1,244)	(293)	2,109
Other	3,045	4,900	1,469	5,239
Special Item	-	4,330	-	-
Transfers	7,238	40,563	6,432	6,520
Total governmental activities	\$ 198,349	\$ 252,116	\$ 252,508	\$ 287,664
Business-type activities:				
Investment earnings	\$ 1,287	\$ 1,255	\$ 2,175	\$ 1,685
Gain on sale/retirement of capital assets	(223)	(77)	126	257
Miscellaneous	55	21	-	-
Transfers	(7,238)	(40,563)	(6,432)	(6,520)
Total Business-type activities	\$ (6,119)	\$ (39,364)	\$ (4,131)	\$ (4,578)
Total primary government	\$ 192,230	\$ 212,752	\$ 248,377	\$ 283,086
<b>Change in Net Position</b>				
Governmental activities	\$ 18,399	\$ 60,900	\$ 119,144	\$ 172,276
Business-type activities	26,305	(8,590)	29,627	14,863
Total primary government	\$ 44,704	\$ 52,310	\$ 148,771	\$ 187,139

Source: City of Arlington Financial and Management Resources

Table 2

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 43,788	\$ 40,403	\$ 70,517	\$ 74,285	\$ 66,080	\$ 65,321	
123,587	128,219	134,767	135,371	137,561	139,309	
84,115	94,171	67,135	71,828	71,957	68,633	
1,920	2,406	3,003	3,892	4,320	2,489	
28,027	28,228	28,020	28,663	32,515	30,599	
39,282	10,213	12,251	11,897	9,475	11,453	
6,533	6,299	6,321	6,194	6,821	6,711	
26,624	42,485	29,444	29,890	24,898	25,017	
<u>\$ 353,876</u>	<u>\$ 352,424</u>	<u>\$ 351,458</u>	<u>\$ 362,020</u>	<u>\$ 353,627</u>	<u>\$ 349,532</u>	
71,929	77,130	75,602	84,270	86,235	89,437	
-	3,678	4,017	4,861	4,777	5,051	
<u>\$ 71,929</u>	<u>\$ 80,808</u>	<u>\$ 79,619</u>	<u>\$ 89,131</u>	<u>\$ 91,012</u>	<u>\$ 94,488</u>	
<u>\$ 425,805</u>	<u>\$ 433,232</u>	<u>\$ 431,077</u>	<u>\$ 451,151</u>	<u>\$ 444,639</u>	<u>\$ 444,020</u>	
\$ 10,528	\$ 19,017	\$ 21,938	\$ 21,810	\$ 23,670	\$ 21,023	
13,998	16,440	17,429	21,131	19,498	19,344	
5,898	1,116	1,322	1,153	1,160	1,416	
2,692	2,707	2,980	2,775	2,730	3,488	
9,529	9,835	8,879	9,999	10,861	10,977	
-	179	204	215	222	224	
2,587	2,535	2,788	2,975	2,799	2,594	
20,787	24,578	23,127	23,455	26,270	19,483	
145,029	411,788	72,515	2,625	6,132	4,481	
<u>\$ 211,048</u>	<u>\$ 488,195</u>	<u>\$ 151,182</u>	<u>\$ 86,138</u>	<u>\$ 93,342</u>	<u>\$ 83,030</u>	
\$ 102,324	\$ 108,224	\$ 107,800	\$ 123,442	\$ 114,719	\$ 114,234	
-	6,920	8,702	10,492	10,536	10,815	
-	-	-	-	-	-	
2,622	2,018	1,388	1,120	1,253	3,663	
<u>\$ 104,946</u>	<u>\$ 117,162</u>	<u>\$ 117,890</u>	<u>\$ 135,054</u>	<u>\$ 126,508</u>	<u>\$ 128,712</u>	
<u>\$ 315,994</u>	<u>\$ 605,357</u>	<u>\$ 269,072</u>	<u>\$ 221,192</u>	<u>\$ 219,850</u>	<u>\$ 211,742</u>	
\$ (142,828)	\$ 135,771	\$ (200,276)	\$ (275,882)	\$ (260,285)	\$ (266,502)	
33,017	36,354	38,271	45,923	35,496	34,224	
<u>\$ (109,811)</u>	<u>\$ 172,125</u>	<u>\$ (162,005)</u>	<u>\$ (229,959)</u>	<u>\$ (224,789)</u>	<u>\$ (232,278)</u>	
\$ 112,477	\$ 117,285	\$ 115,684	\$ 109,807	\$ 110,131	\$ 111,877	
81,385	80,193	81,517	85,345	88,957	94,071	
10,447	10,978	12,793	13,558	13,347	14,884	
2,091	-	-	-	-	-	
25,994	25,038	25,769	27,260	25,600	25,550	
12,814	5,629	4,577	5,156	3,975	3,081	
182	1,837	1,709	(1,255)	(179)	(962)	
9,271	4,769	8,847	8,296	5,990	4,257	
-	-	-	-	-	-	
12,462	(43,278)	13,693	15,348	14,770	15,556	
<u>\$ 267,123</u>	<u>\$ 202,451</u>	<u>\$ 264,589</u>	<u>\$ 263,515</u>	<u>\$ 262,591</u>	<u>\$ 268,314</u>	
\$ 2,196	\$ 1,581	\$ 895	\$ 855	\$ 569	\$ 353	
(49)	183	(41)	(105)	(101)	(131)	
-	54,556	-	-	-	-	
(12,462)	(11,278)	(13,693)	(15,348)	(14,770)	(15,556)	
<u>\$ (10,315)</u>	<u>\$ 45,042</u>	<u>\$ (12,839)</u>	<u>\$ (14,598)</u>	<u>\$ (14,302)</u>	<u>\$ (15,334)</u>	
<u>\$ 256,808</u>	<u>\$ 247,493</u>	<u>\$ 251,750</u>	<u>\$ 248,917</u>	<u>\$ 248,289</u>	<u>\$ 252,980</u>	
\$ 124,295	\$ 338,222	\$ 64,313	\$ (12,367)	\$ 2,306	\$ 1,812	
22,702	81,396	25,432	31,325	21,194	18,890	
<u>\$ 146,997</u>	<u>\$ 419,618</u>	<u>\$ 89,745</u>	<u>\$ 18,958</u>	<u>\$ 23,500</u>	<u>\$ 20,702</u>	

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

	Fiscal Year				
	2004	2005	2006	2007	2008
General fund					
Nonspendable:					
Inventory	113	254	240	574	600
Prepays	46	46	5	35	2
Committed to:					
Utility rate case	500	500	500	500	500
Capital projects	-	-	-	-	-
Assigned to:					
Encumbrances	1,786	3,230	4,463	6,351	6,074
Working capital	13,585	14,373	15,964	16,232	16,512
Subsequent years' expenditure	5,018	5,174	5,747	5,843	5,944
Compensated absences	1,411	1,125	1,280	1,261	1,556
Other post employment benefits	1,718	1,718	1,718	1,718	1,718
Landfill lease proceeds/future initiatives	-	19,887	20,573	21,030	21,487
Dispatch	-	-	-	-	-
Information Technology	-	-	-	-	-
Telecommunications	329	274	-	-	-
Business continuity	-	-	-	-	-
Arbitrage	38	12	33	184	288
Infrastructure	-	-	-	1,000	1,000
Gas lease proceeds	-	-	5,020	-	-
Group Health	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	773	5,464	10,571	5,618	508
Total general fund	<u>\$ 25,317</u>	<u>\$ 52,057</u>	<u>\$ 66,114</u>	<u>\$ 60,346</u>	<u>\$ 56,189</u>
All Other Governmental Funds					
Nonspendable:					
Inventory	-	-	-	197	217
Prepays	36,476	185	179	1	-
Restricted for:					
Capital projects	26,727	318,632	280,316	156,064	53,952
Other purposes	3,285	20,602	20,819	34,444	50,507
Committed to:					
Capital projects	482	1,709	3,899	3,568	6,382
Other purposes	7,514	21,577	36,592	25,665	48,911
Assigned to:					
Capital projects	58,472	2,808	4,749	6,868	8,185
Other purposes	161	3,348	1,639	33,844	9,200
Undesignated	-	(602)	(2,686)	(4,362)	(1,217)
Total all other governmental funds	<u>\$ 133,117</u>	<u>\$ 368,259</u>	<u>\$ 345,507</u>	<u>\$ 256,289</u>	<u>\$ 176,137</u>

Source: City of Arlington Financial and Management Resources

Table 3

Fiscal Year				
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
583	1,163	1,228	1,252	1,172
252	-	16	16	20
500	500	500	500	500
-	-	1,122	-	-
3,780	4,316	5,613	7,766	5,235
16,219	16,218	16,054	16,745	17,076
5,839	5,839	5,944	6,378	6,147
1,464	1,312	1,252	1,252	1,263
1,718	1,718	1,718	1,718	1,718
21,487	21,487	21,487	21,487	17,206
137	422	380	566	615
-	-	774	607	236
-	-	-	-	-
-	6,889	4,538	5,155	4,062
193	75	-	-	-
-	-	-	-	-
-	-	-	-	-
2,446	3,001	-	-	-
-	-	56	55	-
3,663	3,627	6,093	-	1,490
<u>\$ 58,281</u>	<u>\$ 66,567</u>	<u>\$ 66,775</u>	<u>\$ 63,497</u>	<u>\$ 56,740</u>
206	230	245	245	243
-	-	-	-	-
22,255	46,598	63,644	82,648	85,214
49,075	91,613	67,258	72,894	74,247
5,763	36,988	21,934	20,679	24,592
33,953	9,690	17,152	21,594	22,010
10,617	-	-	-	-
2,926	3,134	1,567	1,253	2,320
(3,811)	(1,351)	(2,260)	-	(7)
<u>\$ 120,984</u>	<u>\$ 186,902</u>	<u>\$ 169,540</u>	<u>\$ 199,313</u>	<u>\$ 208,619</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>REVENUES:</b>				
Taxes:	\$ 156,958	\$ 169,345	\$ 189,671	\$ 197,877
Licenses and permits	4,160	4,476	5,074	4,399
Franchise fees	29,371	28,928	31,140	29,145
Fines and forfeitures	7,318	6,259	7,675	7,528
Leases, rents, and concessions	3,026	5,207	13,307	7,081
Service charges	19,424	20,175	20,041	20,196
Investment income	1,550	4,020	18,559	20,665
Net increase (decrease) in fair value of investment	-	-	(314)	2,041
Contributions	2,653	1,664	77,683	121,720
Intergovernmental	10,426	9,216	13,309	15,586
Gas lease	-	-	-	-
Miscellaneous	2,596	4,292	2,894	29,487
<b>Total Revenues</b>	<u>\$ 237,482</u>	<u>\$ 253,582</u>	<u>\$ 379,039</u>	<u>\$ 455,725</u>
<b>EXPENDITURES:</b>				
General government	30,148	31,094	30,839	30,792
Public safety	95,499	99,656	103,772	112,704
Public works	27,535	36,971	36,127	37,516
Public health	1,252	1,435	1,684	1,695
Public welfare	5,546	6,543	9,483	11,166
Parks and recreation	21,865	21,755	21,261	23,625
Convention and event services	5,312	5,435	5,094	5,628
Operating expenditures	-	-	-	-
Capital outlay	24,169	57,271	144,473	278,858
Debt Service:				
Principal retirement	28,270	28,030	26,160	26,415
Redemption premium	-	-	-	-
Interest and fiscal charges	14,637	14,632	25,428	25,019
Bond issuance cost	-	-	-	-
<b>Total expenditures</b>	<u>\$ 254,233</u>	<u>\$ 302,822</u>	<u>\$ 404,321</u>	<u>\$ 553,418</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (16,751)</u>	<u>\$ (49,240)</u>	<u>\$ (25,282)</u>	<u>\$ (97,693)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds issued*	24,155	303,365	10,780	-
Capital lease	301	1,626	-	-
Proceeds from sale of capital assets	633	-	-	-
Refunding bonds issued	-	68,000	-	-
Bond premium	-	12,577	-	-
Payment of escrow for refunding	-	(72,240)	-	-
Gain on sale of land	-	-	-	-
Bond discount	-	-	-	-
Transfers in	24,324	51,301	26,263	19,366
Transfers out	(14,676)	(15,317)	(20,456)	(16,659)
<b>Total other financing sources (uses)</b>	<u>\$ 34,737</u>	<u>\$ 349,312</u>	<u>\$ 16,587</u>	<u>\$ 2,707</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 17,986</u>	<u>\$ 300,072</u>	<u>\$ (8,695)</u>	<u>\$ (94,986)</u>
Capitalized Capital outlay	(5,398)	25,626	109,309	244,539
Debt service as a percentage of noncapital expenditures	16.5%	15.4%	17.5%	16.7%

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$	205,531	\$ 208,756	\$ 210,767	\$ 209,077	\$ 212,991	\$ 221,338
	4,650	5,881	6,801	7,146	6,673	6,823
	25,994	25,038	25,769	27,260	25,600	25,550
	10,515	12,949	13,861	15,194	15,425	15,419
	7,363	9,687	11,117	8,791	8,968	8,932
	22,476	18,573	18,063	20,836	20,081	20,302
	11,591	5,453	4,025	5,004	3,797	3,269
	201	1,750	1,715	(1,201)	(139)	(935)
	145,029	411,788	44,839	2,243	6,132	4,481
	20,619	22,244	26,801	23,017	25,361	19,483
	2,091	4,430	5,971	8,276	9,314	7,668
	4,915	3,431	7,129	6,826	5,202	3,549
\$	<u>460,975</u>	<u>\$ 729,980</u>	<u>\$ 376,858</u>	<u>\$ 332,469</u>	<u>\$ 339,405</u>	<u>\$ 335,879</u>
	35,911	36,150	35,599	41,512	41,780	40,188
	119,585	124,424	126,934	128,519	134,166	132,829
	45,968	41,774	35,493	44,003	39,954	44,151
	1,826	2,287	2,770	3,737	4,163	2,349
	39,253	10,142	10,969	11,045	8,372	9,391
	24,452	24,340	23,666	23,975	24,322	26,738
	6,533	6,299	6,321	6,194	6,821	6,711
	-	-	-	-	-	-
	337,661	476,149	79,365	26,389	32,262	27,325
	24,825	30,180	30,975	61,785	42,765	49,625
	-	-	-	1,116	249	299
	27,054	48,672	29,352	28,703	25,976	25,062
	-	-	-	-	-	-
\$	<u>663,068</u>	<u>\$ 800,417</u>	<u>\$ 381,444</u>	<u>\$ 376,978</u>	<u>\$ 360,830</u>	<u>\$ 364,668</u>
\$	<u>(202,093)</u>	<u>\$ (70,437)</u>	<u>\$ (4,586)</u>	<u>\$ (44,509)</u>	<u>\$ (21,425)</u>	<u>\$ (28,789)</u>
	105,075	-	62,560	15,275	19,635	19,635
	322	-	-	-	-	-
	-	201	-	-	-	-
	-	175,005	16,020	41,065	23,865	6,430
	-	-	2,870	2,318	2,038	835
	-	(164,265)	(12,913)	(39,252)	(13,328)	(6,585)
	2,105	-	-	-	-	-
	-	(4,130)	-	-	-	-
	30,833	37,507	33,915	31,769	44,505	42,468
	(20,551)	(26,942)	(23,662)	(23,820)	(28,795)	(31,445)
\$	<u>117,784</u>	<u>\$ 17,376</u>	<u>\$ 78,790</u>	<u>\$ 27,355</u>	<u>\$ 47,920</u>	<u>\$ 31,338</u>
\$	<u>(84,309)</u>	<u>\$ (53,061)</u>	<u>\$ 74,204</u>	<u>\$ (17,154)</u>	<u>\$ 26,495</u>	<u>\$ 2,549</u>
	334,622	421,989	101,356	27,665	29,209	27,497
	15.8%	20.8%	21.5%	25.9%	20.7%	22.2%

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		
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
2011	14,809,609	2,369,503	17,179,112	0.6480
2012	14,768,390	2,555,054	17,323,444	0.6480
2013	15,032,414	2,645,228	17,677,642	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

Tax Year <sup>3</sup>	City Direct Rates			Overlapping Rates				
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District <sup>1</sup>	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>
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
2011	0.4393	0.2087	0.6480	1.31	1.41	1.51	1.50	0.66
2012	0.4423	0.2057	0.6480	1.30	1.41	1.51	1.54	0.66
2013	0.4423	0.2057	0.6480	1.29	1.39	1.49	1.53	0.66

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, the Tarrant County Hospital District and the TC Regional Water District
- 3 The City budgets tax revenue based on the tax valuation from the previous tax year. For example, the rates in 2010 determine revenue for fiscal year 2011.

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

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2013

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<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value<sup>a</sup></u>
General Motors Corp.	\$ 205,667,494	1.16 %
Parks @ Arlington	165,545,717	0.94
Arlington Highlands LLP	165,448,090	0.94
Oncor Electric Delivery	149,551,844	0.85
Chesapeake Operating	127,925,180	0.72
Six Flags Fund	84,252,537	0.48
Wal Mart Real Estate	65,898,878	0.37
DFW Midstream Services LLC	65,838,553	0.37
Lincoln Square Ltd	63,490,196	0.36
Carrizo Oil & Gas	61,712,350	0.35
Total	<u>\$ 1,155,330,839</u>	<u>6.54 %</u>

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

Table 7

2004		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value<sup>b</sup></u>
General Motors Corp.	\$ 188,003,133	1.25 %
Oncor Electric Delivery	141,840,575	0.94
Parks @ Arlington	126,550,000	0.84
Mckesson Corp	107,250,236	0.71
Southwestern Bell	78,646,166	0.52
Six Flags Fund	70,400,254	0.47
National Semiconductor	64,188,696	0.43
Hca-Arlington	63,434,113	0.42
USMD Surgical Hospital	35,561,251	0.24
Lincoln Square Ltd	33,633,400	0.25
Total	<u>\$ 909,507,824</u>	<u>6.07 %</u>

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

Table 8

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Collected Within the Fiscal Year of the Levy		Collections Related to Prior Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2004	97,321,335	96,929,494	99.60	127,014	97,056,508	99.73
2005	101,083,596	98,914,959	97.85	1,907,981	100,822,940	99.74
2006	104,610,406	102,395,260	97.88	2,013,688	104,408,948	99.81
2007	108,821,392	106,139,829	97.54	2,469,033	108,608,862	99.80
2008	114,126,102	111,408,733	97.62	2,470,602	113,879,335	99.78
2009	118,239,391	116,351,305	98.40	1,628,643	117,979,948	99.78
2010	118,267,158	115,750,354	97.87	1,946,742	117,697,096	99.52
2011	111,320,648	109,098,499	98.00	1,251,819	110,350,318	99.13
2012	112,255,917	110,156,752	98.13	1,182,110	111,338,863	99.18
2013	114,551,118	113,089,339	98.72	515,051	113,604,390	99.17

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

**Note:** Cumulative Tax Collection Comparison  
Prior year collections exclude 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	Stormwater Bonds	Total Primary Government	
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%
2011	251,450,000	65,285,000	12,900,000	263,635,000	116,675,000	25,600,000	735,545,000	4.28%
2012	259,755,000	61,055,000	-	248,240,000	124,285,000	24,320,000	717,655,000	4.14%
2013	257,493,000	56,110,000	-	225,718,000	123,642,000	23,981,000	686,944,000	3.89%

Source: City of Arlington Financial and Management Resources

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

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

2011 Population has been revised to 365,530

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
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
365,530	2,012	N/R
365,860	1,962	N/R
365,930	1,877	N/R

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

Fiscal Year	General Bonded Debt Outstanding			Available resources restricted for repayment of debt (fund balance)
	General Obligation Bonds	Certificates of Obligations	Commercial Paper	
2004	258,960,000	34,745,000	-	(2,993,141)
2005	232,475,000	37,600,000	-	(3,576,499)
2006	226,760,000	25,935,000	2,000,000	(3,691,608)
2007	205,875,000	22,405,000	14,000,000	(4,314,178)
2008	242,920,000	65,610,000	22,000,000	(4,722,990)
2009	221,380,000	61,920,000	22,000,000	(6,008,334)
2010	254,425,000	69,465,000	17,200,000	(5,879,115)
2011	251,450,000	65,285,000	12,900,000	(5,774,175)
2012	259,755,000	61,055,000	-	(4,874,817)
2013	257,493,000	56,110,000	-	(4,078,685)

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

\* 2010 population is based on census data; All other years are estimates.

**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.

Table 10

Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>	Estimated Population
290,711,859	1.94%	817	355,634
266,498,501	1.71%	738	361,300
251,003,392	1.55%	692	362,393
237,965,822	1.42%	653	364,300
325,807,010	1.85%	883	369,150
299,291,666	1.64%	808	370,450
335,210,885	1.84%	917	365,438 *
323,860,825	1.89%	886	365,530
315,935,183	1.82%	864	365,860
309,524,315	1.75%	846	365,930

CITY OF ARLINGTON, TEXAS  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 As of September 30, 2013  
 (Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington I.S.D.	\$ 445,144,720	77.90%	\$ 346,767,737
Hurst-Euless-Bedford I.S.D.	319,145,895	0.58%	1,851,046
Kennedale I.S.D.	44,931,070	51.52%	23,148,487
Mansfield I.S.D.	740,529,963	29.92%	221,566,565
Tarrant County	336,134,218	14.87%	49,983,158
Tarrant County Junior College District	14,061,612	14.87%	2,090,962
Tarrant County Hospital District	49,780,000	14.87%	7,402,286
<b>Subtotal overlapping debt</b>	<b>1,949,727,478</b>		<b>652,810,241</b>
City of Arlington, net debt outstanding	<u>\$ 539,321,000</u>	100.00%	<u>\$ 539,321,000</u>
<b>Total direct and overlapping debt</b>	<b>\$ 2,489,048,478</b>		<b>\$ 1,192,131,241</b>

Source: City of Arlington Financial and Management Resources

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

Table 12

Waterworks and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue <sup>(3)</sup>	Average Annual Requirement	Times Coverage <sup>(4)</sup>
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
2011 <sup>(5)</sup>	123,442	67,924	55,518	7,663	7.24
2012 <sup>(5)</sup>	114,719	70,300	44,419	7,769	5.72
2013	114,234	72,941	41,293	7,684	5.37

Storm Water Utility					
Fiscal Year	Total Revenues <sup>(1)</sup>	Less: Operating Expenses <sup>(2)</sup>	Net Available Revenue <sup>(3)</sup>	Average Annual Requirement	Times Coverage <sup>(4)</sup>
2011	10,492	4,371	6,121	1,856	3.30
2012	10,536	2,874	7,662	1,825	4.20
2013	10,815	2,845	7,970	1,800	4.43

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> 2011 & 2012 operating expenses have been revised after taking out depreciation

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
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	7.8%
2011	365,530	N/R	N/R	N/R	64,979	7.6%
2012	365,860	N/R	N/R	N/R	65,700	6.8%
2013	365,930	N/R	N/R	N/R	66,177	5.9%

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

\* 2010 population is based on census data; All other years are estimates.

**Note:** Additional sources include the census, Bureau of Labor Statistics, North Texas Council of Governments, TEA  
 N/R - not reported

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

Table 14

2013			
<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Texas Health Resources	Healthcare	8,252	3.94%
Arlington Independent School District	Public Education	8,000	3.82%
University of Texas at Arlington	Higher Education	5,300	2.53%
Six Flags Over Texas	Amusement Park	3,800	1.81%
The Parks at Arlington	Retail	3,500	1.67%
General Motors	Automobile Assembly	2,900	1.38%
City of Arlington	Municipality	2,315	1.10%
J.P. Morgan Chase	Banking Services	1,965	0.94%
Texas Rangers Baseball Club	Major League Baseball	1,881	0.90%
Americredit	Retail	1,591	0.76%
<b>Total</b>		<b>39,504</b>	<b>18.85%</b>

2004			
<u>Employer</u>		<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	Public Education	7,831	3.82%
University of Texas at Arlington	Higher Education	4,912	2.40%
Six Flags Over Texas	Amusement Park	3,200	1.56%
AmeriCredit	Financial Services	3,000	1.47%
General Motors	Automobile Assembly	2,930	1.43%
City of Arlington	Municipality	2,328	1.14%
Southwest Sports Group	Major League Baseball	1,800	0.88%
Arlington Memorial Hospital	Medical Center	1,300	0.63%
Providian Financial	Financial Services	1,200	0.59%
Chase Bank Call Center	Banking Services	1,100	0.54%
<b>Total</b>		<b>29,601</b>	<b>14.46%</b>

**Source:** City of Arlington Financial and Management Resources  
 Texas Workforce Commission

**Note:** 2012 Employment Estimate (as of September 2012) is 209,680  
 2003 Employment Estimate is 204,737

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
<b>Strategic Support</b>				
*Management Resources	-	23	31	42
City Attorney's Office	29	33	33	37
City Manager's Office	28	9	4	6
Internal Auditor's Office	-	-	6	6
Workforce Services	119	119	19	23
Judiciary	-	-	-	5
Municipal Court	4	4	4	46
Information Technology	38	38	38	34
IT - Internal Services Fund	15	15	15	20
*Financial & Mgmt Resources	67	78	30	31
Knowledge Services Fund	12	12	13	10
<b>Economic Development &amp; Capital Investment</b>				
Economic Development	-	-	-	3
Community Development and Planning	52	53	56	69
Aviation	-	-	-	8
Convention Center	33	33	32	31
<b>Neighborhood Services</b>				
Police	746	745	745	768
**Fire	302	302	302	407
Code Compliance Services	66	67	74	72
Park and Recreation	132	132	125	130
Park Performance Fund	66	66	66	61
Library	68	64	64	71
<b>Capital Investment</b>				
Public Works & Transportation	118	114	112	125
Street Maintenance Fund	76	75	71	62
Environmental Services	-	-	-	10
Fleet Services Fund	3	3	2	2
Water Utilities Fund	223	223	219	219
Storm Water Utility Fund	-	-	-	-
Grant Funds	77	77	79	85
<b>Communication Services Fund</b>				
EPAB				
Support Services	28	31	170	-
Sanitary Landfill Fund	26	26	-	-
Transportation	-	-	-	-
Engineering Services	-	-	-	-
<b>Total</b>	<b>2,328</b>	<b>2,342</b>	<b>2,310</b>	<b>2,383</b>

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

**Note:**

\* Management Resources and Finance merged into Financial & Management Resources

\*\*Fire umbrellas communication services fund (2012, 106 FTEs) and EPAB (2012, 2 FTEs)

Table 15

Fiscal Year					
2008	2009	2010	2011	2012	2013
42	-	-	-		
37	38	38	38	38	38
4	4	3	3	3	3
6	6	5	5	5	5
23	20	19	19	19	19
6	6	6	6	6	6
46	43	42	41	42	41
34	33	33	33	32	23
20	20	21	21	23	32
31	74	69	69	70	71
10	11	11	9	9	8
3	3	3	3	3	3
73	70	68	64	71	71
8	8	8	8	8	8
32	32	31	31	31	31
793	811	781	789	829	837
414	426	423	424	443	443
77	77	75	69	60	62
115	119	118	103	101	102
81	75	72	72	69	69
71	70	69	68	68	68
133	89	93	90	86	85
62	92	92	91	93	93
10	4	-	0		
2	1	1	1	1	1
218	219	219	222	222	223
-	24	24	27	27	27
88	93	153	152	115	106
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,439</u>	<u>2,468</u>	<u>2,477</u>	<u>2,458</u>	<u>2,474</u>	<u>2,475</u>

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

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<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Public safety			
Police			
Number of employees	524	534	558
Number of dispatch calls	142,154	146,891	146,408
Fire			
Number of employees	296	301	394
Number of service calls	28,734	27,788	48,468
Parks and recreational			
Parks - programs registration	31,355	36,407	20,573
Membership	48,274	34,763	41,031
Library			
Central library	1	1	1
Branch libraries	5	5	5
Book stock	507,891	522,703	579,445
Average monthly circulation	131,244	131,738	134,710
Water and sewer			
Number of accounts	101,057	102,421	97,299
Average daily water consumption (gallons)	51,550,000	53,550,000	65,019,372
Ozonated treatment capacity (gpd)	174,000,000	174,000,000	140,000,000
Miles of water mains	1,350	1,358	1,378
Number of fire hydrants	9,992	10,195	10,325
Number of sewer connections	94,052	95,479	95,124
Golf Course			
Number of clinics	24	3	104
Number of participants in clinics	338	44	438
Number of private lessons	2,639	984	2,071

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

**Notes:** N/R - not reported  
 2004-2011 Police employment represents full-time sworn officers  
 Fire: Number of Service Calls represent all incidents including,  
 mutual aid given and received

Table 16

Fiscal Year						
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
582	598	621	634	634	640	640
147,668	142,861	139,251	161,695	135,552	156,388	143,146
407	414	426	423	424	443	443
30,665	31,090	30,955	33,012	34,445	35,276	36,317
38,366	39,450	48,442	45,855	41,479	47,842	46,286
41,205	39,398	35,756	38,285	39,282	35,314	36,757
1	1	1	1	1	1	1
5	6	6	6	6	6	6
598,869	611,402	623,767	612,272	602,339	614,270	656,982
139,909	155,417	177,075	186,606	199,616	187,093	180,048
98,195	98,924	99,141	99,288	99,484	99,862	100,453
47,582,642	53,516,147	51,697,563	48,128,986	64,096,000	57,990,000	49,094,776
140,000,000	140,000,000	140,000,000	172,500,000	172,500,000	172,500,000	172,500,000
1,378	1,532	1,545	1,551	1,557	1,572	1,575
10,493	10,550	10,711	10,780	10,856	10,983	10,959
96,905	96,905	96,895	97,185	97,343	97,930	98,544
127	92	133	129	78	61	56
646	517	508	495	348	355	409
1,770	1,653	1,631	1,253	1,246	1,066	1,854

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

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Function/Program	Fiscal Year			
	2004	2005	2006	2007
Public safety				
Police stations	3	3	3	3
Fire stations	16	16	16	16
Miles of streets and alleys				
Streets- paved (lane miles)	2,029	2,477	2,939	2,969
Sidewalks (miles)	425	908	974	981
Cultural and recreational				
Parks (acres) (golf courses included)	4,529	4,652	4,652	4,663
Swimming pools	5	7	6	7
Tennis courts	49	49	49	49
Recreation centers	5	5	5	5
Senior center	-	2	2	2
Miles of park trails	43	45	40	43
Sports fields-youth	54	54	77	77
Basketball courts-outdoors	24	24	22	22
Number of golf courses	4	4	4	4
Water and Sewer				
Water mains (miles)	1,350	1,358	1,378	1,389
Fire hydrants	9,992	10,195	10,325	10,493
Sanitary sewers (miles)	1,181	1,186	1,194	1,194

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

Table 17

Fiscal Year					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
3	4	4	4	4	4
16	16	16	16	17	17
2,985	2,996	3,002	3,004	3,085	3,093
988	993	999	1,005	1,015	1,018
4,669	4,681	4,683	4,683	4,697	4,710
7	7	7	7	7	7
47	45	45	45	45	45
5	5	5	5	5	5
2	2	2	2	2	2
46	47	52	49	51	53
77	77	77	77	77	77
22	22	21	22	21	21
4	4	4	4	4	4
1,532	1,545	1,551	1,557	1,572	1,575
10,550	10,711	10,780	10,856	10,983	10,959
1,282	1,286	1,289	1,294	1,297	1,300

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
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%
2011	688,015	832,168	82.7%	144,153	142,875	100.9%	17.16% <sup>(d)</sup>	8.44%
2012	736,849	868,505	84.8%	131,656	156,112	84.3%	16.47%	5.17%
2013	787,497	904,236	87.1%	116,739	156,446	74.6%	16.28%	4.68%

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%

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