

**CITY OF ARLINGTON, TEXAS**  
**Comprehensive Annual**  
**Financial Report**  
Year ended September 30, 2014

# CITY OF ARLINGTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2014

PREPARED BY THE FINANCE DEPARTMENT,  
ACCOUNTING DIVISION



Robert Cluck, MD  
Mayor

Trey Yelverton  
City Manager

Mike Finley, CGFO  
Finance Director/CFO

Sherry Wright, CPA  
Assistant Director of Financial  
Operations



**CITY OF ARLINGTON, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014  
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March 2, 2015

Dear Reader:

The Arlington, Texas Comprehensive Annual Financial Report (CAFR or report) for the fiscal year ended September 30, 2014, 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 unmodified opinion on the City's financial statements for the year ended September 30, 2014. 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 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. City leaders are continuing to carefully manage the City and will continue to take steps necessary to preserve Arlington's Aa1/AAA/AA+ general obligation bond rating by Moody's/S&P/Fitch, respectively, and our ability to serve the public.

The economy is faring better now than just a few years ago, but it has not quite fully recovered. While patterns of economic growth have returned to the City, the levels of anticipated growth in the near future can best be described as tracking inflation. Consequently, we continue to be cautious 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, economic development, and expanding neighborhood and community partnerships. The City anticipates that the local economy will continue a modest 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:

- Champion great neighborhoods
- Enhance regional mobility
- Invest in our economy
- Support quality education

The 2015 budget focuses on these priorities and maintains the City's core value of quality and cost effective service delivery. 2015 will mark the twelfth consecutive year that the City of Arlington has maintained the property tax rate at 64.8 cents.

## **Major Initiatives/Highlights**

### **Arlington: The American Dream City**

The City and the Arlington Convention and Visitors Bureau (CVB) announced the City's official brand "Arlington: The American Dream City". The City and CVB worked to develop the brand by interviewing hundreds of people across Arlington to understand their perception of the past, present and future of Arlington. The American Dream City reflects that Arlington is where many dreams start as aspirations that can turn into reality and a better future.

### **Texas Rangers Major League Baseball Team and Globe Life Park**

Globe Life Park is the new name for the Rangers Ballpark in Arlington. The team signed a 10-year, multimillion-dollar naming rights deal with the Globe Life and Accident Insurance Co. during 2014. In addition, \$3.9 million in renovations to the Ballpark were completed.

### **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. The stadium annually hosts the Cotton Bowl, as well as numerous other special events. The NCAA "Final Four" college basketball tournament was held in April, 2014, with the UConn Huskies being crowned national champs. In May, Mexico and Ecuador played a warm-up match to the World Cup, which was attended by a record-setting 84,476 fans. In June, George Strait's final concert was held. The concert broke a North American indoor concert record with more than 105,000 people in attendance. The first ever College Football National Championship game was held in 2015. Other major events planned for 2015 include the 50<sup>th</sup> annual Academy of Country Music Awards show, and the AT&T American Cup, a one-day competition featuring elite gymnasts from around the world.

### **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 2014, the Foundation approved over \$1.5 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities. The Foundation has reached a \$100 million in corpus and the investment strategy targets a 50/50 equity bond ratio.

### **General Motors**

General Motors celebrated 60 years of auto manufacturing in Arlington. Since 1954, there have been approximately 10 million vehicles built in Arlington. The Arlington plant, which holds three production shifts daily, is the only facility that builds the Chevrolet Tahoe, Chevrolet Suburban, GMC Yukon and Cadillac Escalade.

### **Central Library**

The Arlington City Council approved investing \$24.9 million to replace the Central Library in downtown with a new building north of City Hall. The project will also include an outdoor plaza, joint use council chamber and library meeting

space, and parking. The George W. Hawkes Central Library closed its doors on December 23, 2014. Future plans for the site will emphasize a mixed use development.

**Other notable 2014 accomplishments include:**

- **Metro ArlingtonXpress (MAX)**  
The MAX continues service from the UT Arlington campus and Arlington's entertainment district to Centreport Station, near DFW Airport . From there commuters can travel to Dallas or Fort Worth on the Trinity Rail Express.
- **Southwest Nature Preserve**  
The City's first nature preserve opened after being in the works for many years. The 58-acre area is located south of I-20 on Bowman Springs Road.
- **Vought Aircraft**  
Triumph Aerostructures-Vought Aircraft Division has relocated its engineering services operations to a 100,000 square foot facility. Triumph estimates approximately 500 full-time employees and related contractors will work at this facility.
- **Red Cross**  
The American Red Cross has opened its newest and largest Field Disaster Supply Center in Arlington. Arlington's central location and proximity to major highways and airports makes it the perfect location for the distribution center. The center will serve North Texas, Gulf Coast region, Oklahoma and other states in Tornado Alley and parts of Colorado.
- **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.
- **Demilec USA**  
A new state-of-the-art manufacturing plant was opened in Arlington in 2014. Demilec develops spray foam insulation products to meet the growing demand for energy efficient buildings. The new manufacturing facility represents a \$20 million investment. The company employs about 150 people and has hired 20 new employees in Arlington to accommodate growth.
- **Williams Sonoma Direct, Inc.**  
Williams Sonoma Direct, Inc. is investing \$15-\$20 million and hiring approximately 300-400 employees for its new 822,000 square foot distribution facility. Employment should grow to 500-600 employees in the next 24 months. This new location will allow the company to ship to its southwest customer base with a 1-2 day drive time.
- **New Rehabilitation Hospital**  
Texas Health Resources, Methodist Health System and Centerre Healthcare Corporation of Nashville are joining to build a 40-bed hospital. Texas Rehabilitation Hospital will serve patients recovering from strokes, amputations and other injuries. Construction is underway and is scheduled to be completed in June. The new facility is expected to employ about 150 people when it opens.
- **Arlington Commons**  
Arlington Commons Lands, LLC is a public/private partnership to redevelop approximately 66 acres along East Lamar Boulevard between Rolling Hills Country Club and Lincoln Drive. The private portion includes the demolition of four existing apartment complexes totaling approximately 31 acres, and the public improvements include improvements to Parkway Central park and portions of East Lamar Boulevard totaling approximately 35 acres. The developer is receiving City participation to help defray the costs of detention and drainage improvements, demolition and environmental remediation, and improvement of the public spaces. The project will take approximately seven years, with a total investment of \$160 million.
- **GM Financial**  
Americredit Financial Services, Inc., a subsidiary of General Motors (GM) Financial Company is renovating and expanding its current operations into an existing 238,774 square feet facility located at 3801 S. Collins Street. The expansion is due to a growing demand for General Motors' (GM) financial services as a direct result of acquisitions of smaller competitors and international leasing offices, and increased productivity at GM's assembly plants around the nation. The expansion brings an estimated 800 new full-time positions that will boost GM Financial Company's total to 3,000 jobs within Arlington's city limits, and about a 760,000 square feet presence in Arlington. The estimated time for completion will be about two years, and the total investment is about \$11 million in real and personal property improvements.

**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, 2013. This was the 36th 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, 2013. This was the sixth 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 2014 budget. The City has earned this award for the past 28 years and expects to earn this award again for the upcoming FY 2015 budget.

**Acknowledgments**

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my appreciation to all members of Financial Operations, especially Sherry Wright, Amy Trevino, Honora Bracken, Daryl Holder, Kristi Janes, Cynthia Moss, Joan Wilson, Linda Beavers, Ethan Klos, Mark Davies, Lisa Williams and Deven Mercer, who assisted and contributed to the preparation of this report.

Respectfully submitted,



Trey Yelverton  
City Manager



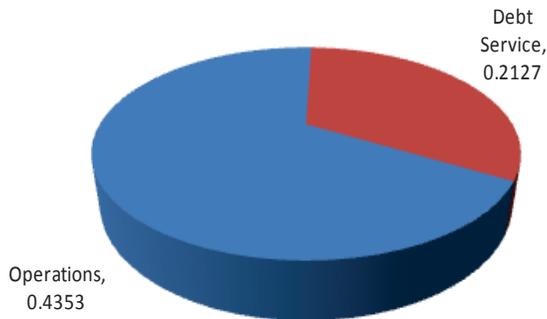
Mike Finley, CGFO  
Finance Director/CFO

**Local Economic Indicators**

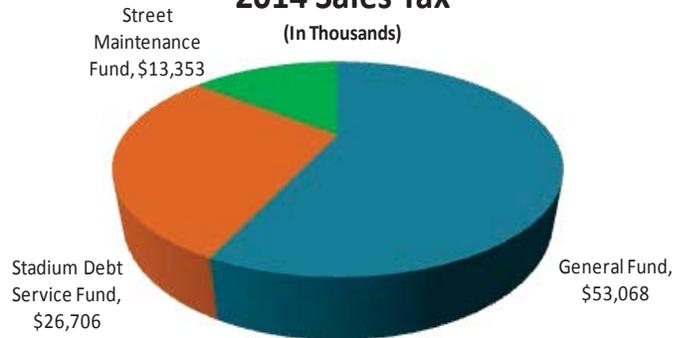
	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Property Tax Base (in thousands)*</b>	(tax year 2013)	(tax year 2012)	(tax year 2011)
Personal	2,402,947	2,289,772	2,166,757
Real Estate	15,475,841	15,046,863	14,785,924
Mineral Lease Properties	277,746	366,542	397,038
Agricultural Properties	531	528	579
<b>Total</b>	<b>18,157,065</b>	<b>17,703,705</b>	<b>17,350,298</b>
<b>Property Tax Rate</b>			
Operations	0.4353	0.4423	0.4423
Debt Service	0.2127	0.2057	0.2057
<b>Total</b>	<b>0.6480</b>	<b>0.6480</b>	<b>0.6480</b>
<b>Sales Tax (in thousands)</b>			
Collections	93,127	94,071	88,957
Annual Growth	-1.00%	5.75%	3.18%
<b>Population</b>	<b>369,508</b>	<b>365,930</b>	<b>365,860</b>
<b>General Obligation Debt per Capita</b>	<b>\$ 892</b>	<b>\$ 846</b>	<b>\$ 864</b>
<b>Labor Force</b>	<b>211,253</b>	<b>209,385</b>	<b>205,683</b>
<b>Unemployment Rate</b>	<b>5.2%</b>	<b>5.9%</b>	<b>6.8%</b>
<b>Housing start permits issued</b>	<b>472</b>	<b>540</b>	<b>465</b>
<b>Foreclosure (residential and commercial)</b>	<b>500</b>	<b>695</b>	<b>981</b>
<b>Occupancy Rates</b>			
Office	88.4%	87.2%	88.0%
Industrial	96.4%	96.3%	91.0%
Retail	94.6%	93.6%	92.9%

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

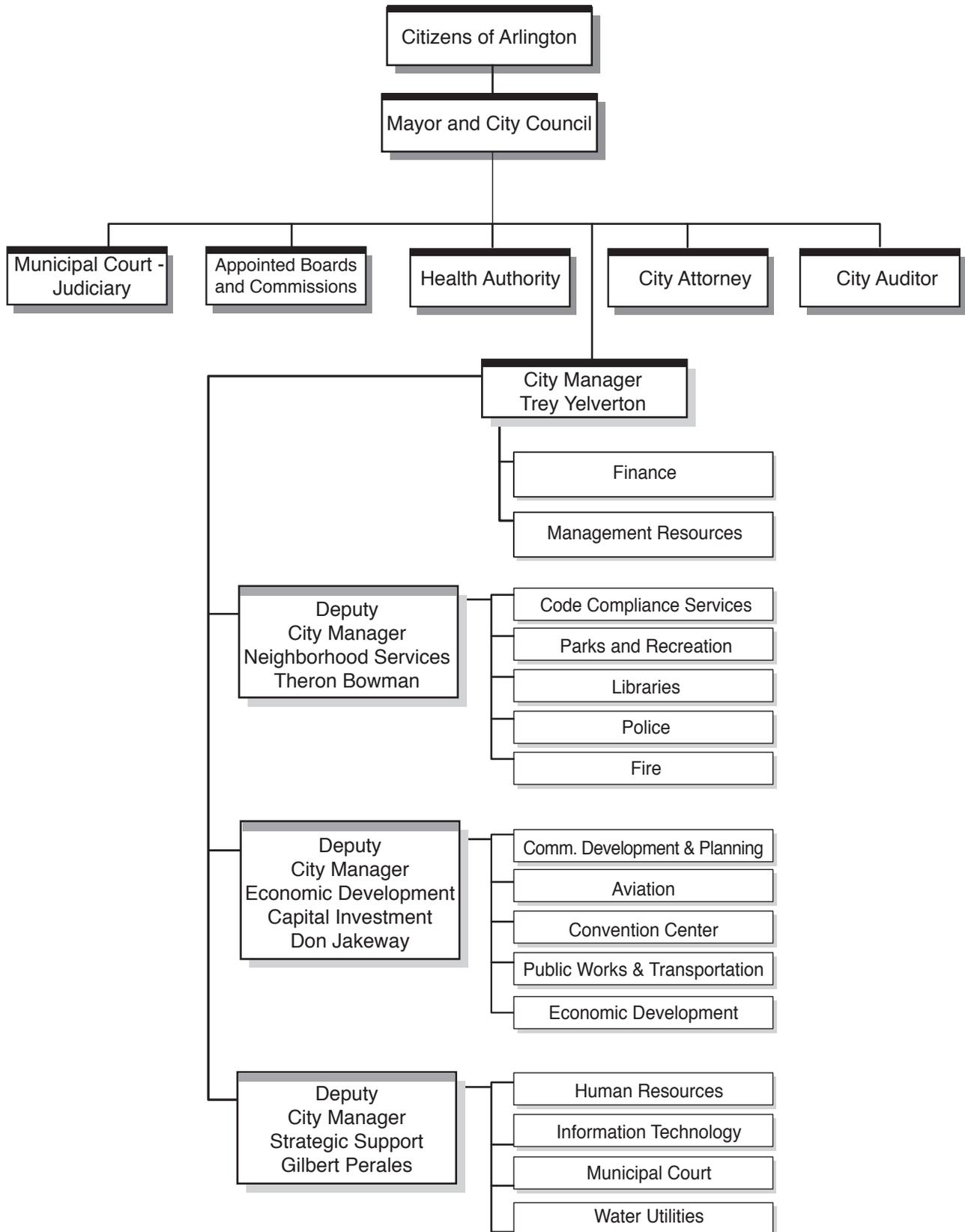
**2014 Property Tax Rate**



**2014 Sales Tax**



# 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, 2013**

Executive Director/CEO

# City of Arlington, Texas

## City Council

Robert Cluck

**Mayor**

Term expires May 2015

Kathryn Wilemon, District 4

Term expires May 2015

Charlie Parker District 1

***Mayor Pro Tem***

Term expires May 2016

Sheri Capehart, District 2

Term expires May 2016

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 2016

Jimmy Bennett, District 7 At Large

Term expires May 2016

Michael Glaspie, District 8 At Large

Term expires May 2015



## Report of Independent Certified Public Accountants

**Grant Thornton LLP**  
1717 Main Street, Suite 1800  
Dallas, TX 75201-4667

T 214.561.2300  
F 214.561.2370  
GrantThornton.com  
[linkd.in/GrantThorntonUS](http://linkd.in/GrantThorntonUS)  
[twitter.com/GrantThorntonUS](https://twitter.com/GrantThorntonUS)

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **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 did not audit the financial statements of the Arlington Housing Authority or the Arlington Convention and Visitors Bureau, Inc. (the "component units"), discretely presented component units, which statements reflect 5%, 3%, and 65% of assets, net position, and revenues, respectively, of the aggregate discretely presented component units. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Arlington Convention and Visitors Bureau, Inc. were not audited in accordance with *Government Auditing Standards*.

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, based on our audit and the report of the other auditors, 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, 2014, 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 21, 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 Changes in the City's Net Pension Liability - Part-Time Deferred Income Trust Plan, the Schedule of City's Contributions - 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 81 through 87, 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 2, 2015, 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 2, 2015



## CITY OF ARLINGTON, TEXAS

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

SEPTEMBER 30, 2014

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, 2014. 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 **decreased** by \$20.5 (<1.6%) this year, primarily due to a decrease in investment in capital assets along with higher expenditures, primarily in general government and public safety.
  - The City's **decrease** in total net position of \$6.1M for the year was \$26.8M lower than the \$20.7M increase last year. The change is primarily related to a decrease in the amount of net investment in capital assets. 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 \$14.3M in fiscal year 2014 compared to \$16.5M in fiscal year 2013.
  - The City's governmental funds reported combined ending fund balances of \$280.5M, an **increase** of \$15.1M over last year. This increase is due to a combination of:
    - An **increase** in Library Capital Project fund balance of \$19.4M and an **increase** in the Highlands TIF fund balance of \$11.3M, both related to current year bond proceeds.
    - A **decrease** in Street Maintenance fund balance of \$6M due to increased expenditures.
    - A **decrease** in General Fund balance of \$.5M.
  - The 2014 General Fund assigned fund balance was \$53.6M with \$.9M unassigned, a **decrease** in the aggregate from prior year. In 2013, the comparable balances were \$53.6 and \$1.5M. Total assigned and unassigned fund balance of \$54.6M is \$.6M lower than last year. Fund balance assignment changes in the General Fund include decreases to encumbrances, future initiatives and information technology of \$.8M, \$.06M, and \$.04M respectively. Increases to working capital, subsequent years' expenses, compensated absences and dispatch of .5M, .2M, .1M and .1M respectively were also noted.
  - Total debt of \$685.1M **decreased** \$.5M during the year. Debt issues in 2014 include \$14.5M in Permanent Improvement and Refunding bonds, \$29M in Combination Tax and Revenue Certificates of Obligation Series 2014, and \$8M and in Water and Wastewater System Refunding bonds, \$13.3M in Water and Wastewater System Revenue Bonds, Series 2014A and \$2.2M and \$3.4M in bonds related to the 2008 and 2010 Texas Water Development Board (TWDB) Clean and Drinking Water Programs. Bond principal payments for 2014 total \$62.8M on existing obligations with an additional \$8M in principal refunded. Exclusive of Cowboy's Stadium debt, City of Arlington debt is allocated 65% for general government, with the remaining 35% 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, liabilities, deferred inflows, and deferred outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The Statement of 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 2014 in its report – Arlington Property Finance Authority, Inc. For fiscal year 2014, the City includes six discretely presented component units in its report – Arlington Housing Authority (AHA), Arlington Convention and Visitors Bureau (ACVB), 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**

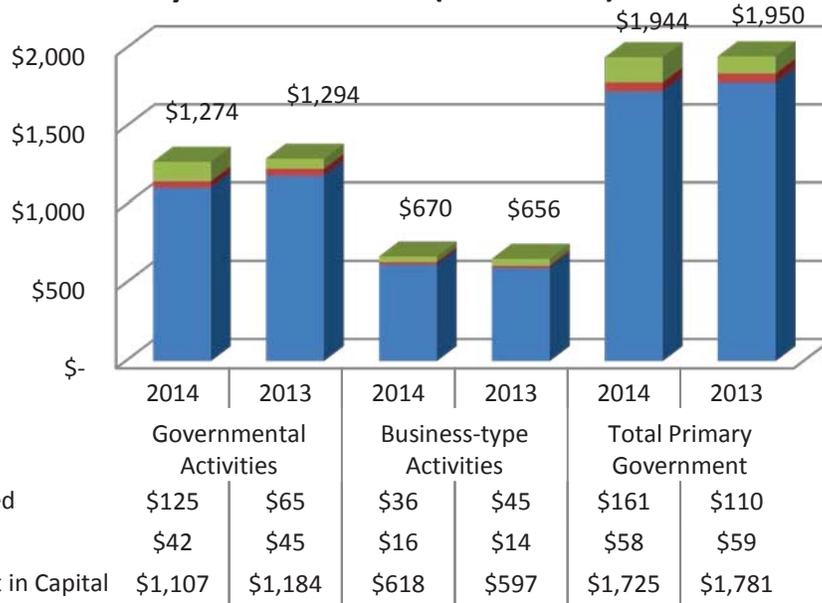
The City’s combined net position was \$1.9B as of September 30, 2014. Analyzing the net position and net expenses of governmental and business-type activities separately, the governmental activities net position is \$1.3B and the business-type activities net position is \$670M. This analysis focuses 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)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Current and other assets	\$ 357	\$ 351	\$ 135	\$ 136	\$ 492	\$ 487
Capital assets	1,573	1,593	708	685	2,281	2,278
Deferred outflows of resources	6	0	1	0	7	0
Total assets and deferred outflows of resources	1,936	1,944	844	821	2,780	2,765
Long-term liabilities	589	586	146	136	735	722
Other liabilities	69	64	28	29	97	93
Deferred inflows of resources	4	0	0	0	4	0
Total liabilities and deferred inflows of resources	662	650	174	165	836	815
Net position:						
Net investment in capital assets	1,107	1,184	618	597	1,725	1,781
Restricted	42	45	16	14	58	59
Unrestricted	125	65	36	45	161	110
Total net position	\$1,274	\$1,294	\$ 670	\$ 656	\$1,944	\$ 1,950

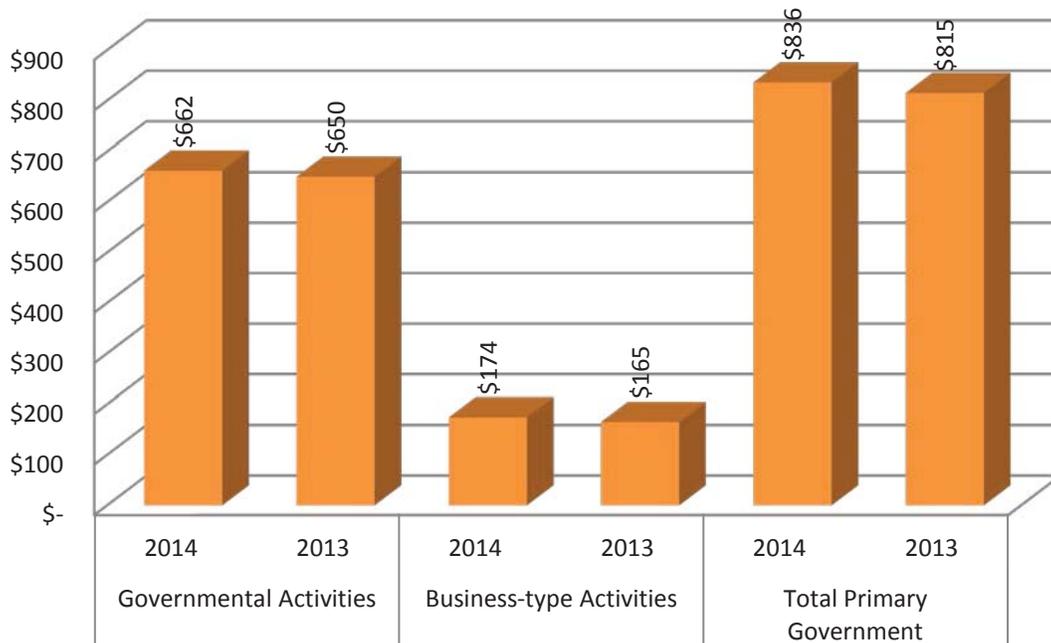
By far the largest portion of the City’s net position (88.7%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding.

### 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 and Deferred Inflows of Resources (in Millions)



## **Governmental Activities**

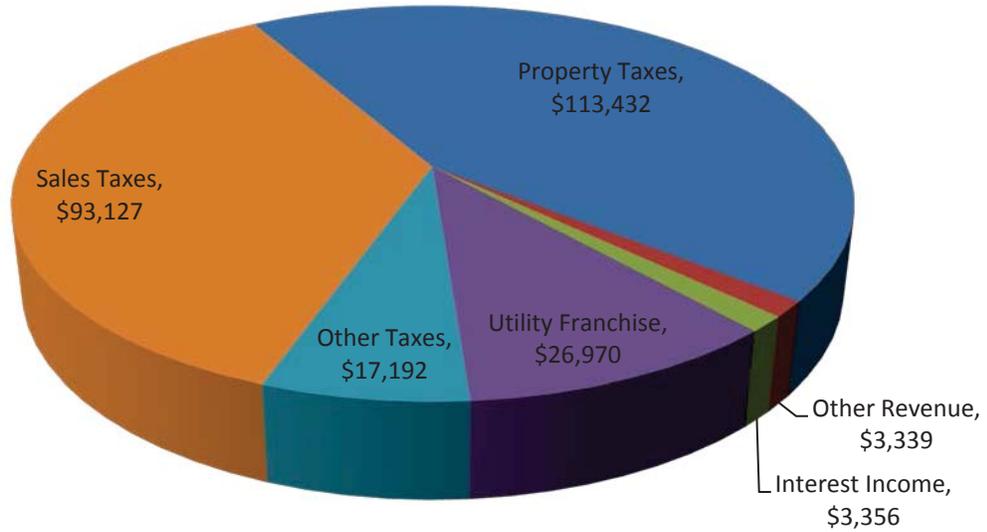
The City's general revenues remained substantially the same compared to the prior year, increasing overall by 1.8%. Property tax revenue accounted for the majority of the increase this year compared to last.

Property tax collections were up slightly from the prior year by about \$1.6M. Residential property value increased slightly (1.52%), while commercial property values increased by 4.32%. Mineral lease property value decreased by 23%, 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 2014 was set at \$0.6480 per \$100 assessed valuation; remaining unchanged for the eleventh consecutive year.

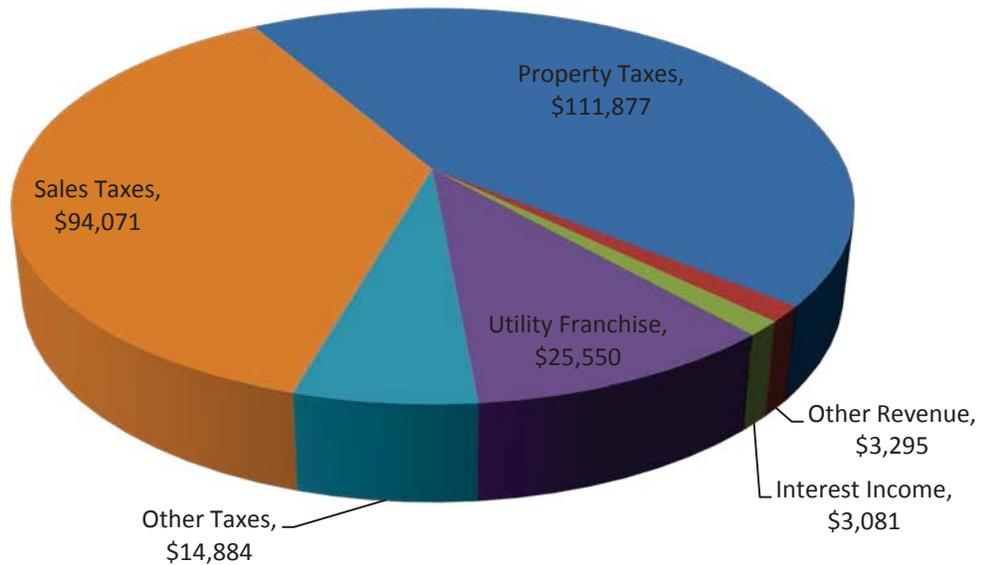
Sales tax collections were down slightly overall, (1%) from 2013. It should be noted the sales taxes received in 2013 included a one-time tax audit adjustment of \$3.3 million. Taking this factor into consideration, strong sales tax collections in 2014 indicate the economy in Arlington is continuing to improve.

Utility franchise fee collections increased 5.6% in 2014, primarily due to increased revenue for the gas utility.

**2014 General Revenue  
(in thousands)**



**2013 General Revenue  
(in thousands)**



Governmental activities decreased the City's net position by \$20.5M, and Business-type activities increased net position by \$14.3M, for a total decrease of \$6.1M. Changes from 2013 to 2014 are shown in Table 2.

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

	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 60,996	\$ 59,066	\$ 126,919	\$ 125,049	\$ 187,915	\$ 184,115
Operating grants and contributions	9,953	19,483	-	-	9,953	19,483
Capital grants and contributions	4,910	4,481	3,136	3,663	8,046	8,144
General Revenues:						
Taxes	223,751	220,832	-	-	223,751	220,832
Utility franchise fees	26,970	25,550	-	-	26,970	25,550
Interest income	3,356	3,081	348	353	3,704	3,434
Other	3,339	3,295	61	(131)	3,400	3,164
<b>Total revenues</b>	<u>333,275</u>	<u>335,788</u>	<u>130,464</u>	<u>128,934</u>	<u>463,739</u>	<u>464,722</u>
<b>Expenses</b>						
General government	74,183	65,321	-	-	74,183	65,321
Public safety	146,899	139,309	-	-	146,899	139,309
Public works	63,566	68,633	-	-	63,566	68,633
Public health	2,740	2,489	-	-	2,740	2,489
Parks and recreation	34,075	30,599	-	-	34,075	30,599
Public welfare	11,558	11,453	-	-	11,558	11,453
Convention and event services	7,366	6,711	-	-	7,366	6,711
Interest and fiscal charges	28,703	25,017	-	-	28,703	25,017
Water, sewer and storm water	-	-	100,792	94,488	100,792	94,488
<b>Total expenses</b>	<u>369,090</u>	<u>349,532</u>	<u>100,792</u>	<u>94,488</u>	<u>469,882</u>	<u>444,020</u>
<b>Increase (decrease) in net position before transfers</b>	<u>(35,815)</u>	<u>(13,744)</u>	<u>29,672</u>	<u>34,446</u>	<u>(6,143)</u>	<u>20,702</u>
Transfers and capital contributions	15,355	15,556	(15,355)	(15,556)	-	-
<b>Increase in net position</b>	<u>(20,460)</u>	<u>1,812</u>	<u>14,317</u>	<u>18,890</u>	<u>(6,143)</u>	<u>20,702</u>
<b>Net Position, October 1</b>	<u>1,294,279</u>	<u>1,292,467</u>	<u>656,046</u>	<u>637,156</u>	<u>1,950,325</u>	<u>1,929,623</u>
<b>Net Position, September 30</b>	<u>\$ 1,273,819</u>	<u>\$ 1,294,279</u>	<u>\$ 670,363</u>	<u>\$ 656,046</u>	<u>\$ 1,944,182</u>	<u>\$ 1,950,325</u>

The decrease in grants and contributions compared to prior year is the result of less funding for Texas Department of Aviation, Emergency Shelter Grant, Texas State Library, Local Law Enforcement Block Grant, Texas Parks and Wildlife, Texas Department of Transportation, Community Development Block Grant and partial funding for Handitran.

The increase in general government expenses is due to decreased capitalized expenses for construction in progress, as well as increased expenditures in downtown Arlington. The increase in public safety expenses is primarily due to increased spending for homeland security. The decrease in public works expenses in fiscal year 2014 is due primarily to a reduction in project spending this year versus last.

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 2014.

## CAPITAL ASSET AND DEBT ADMINISTRATION

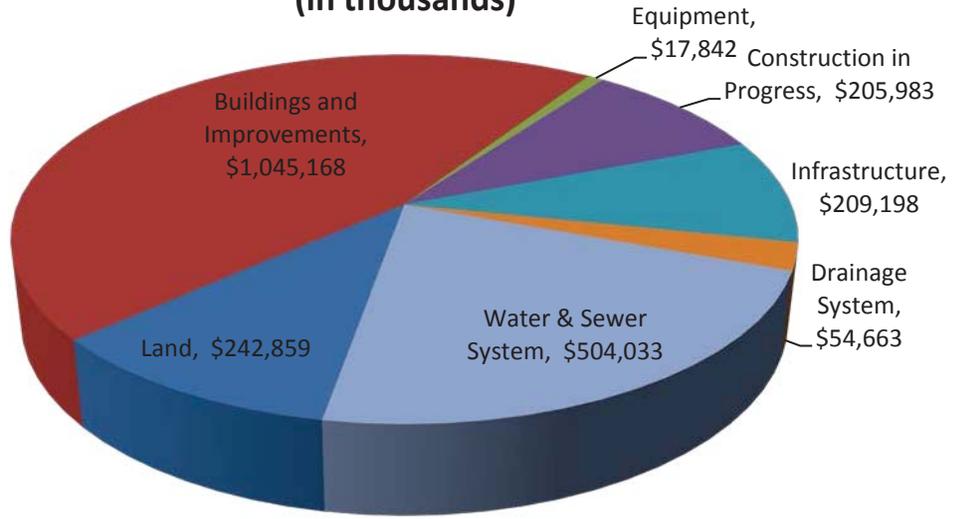
### Capital Assets

At the end of the fiscal year 2014, 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.

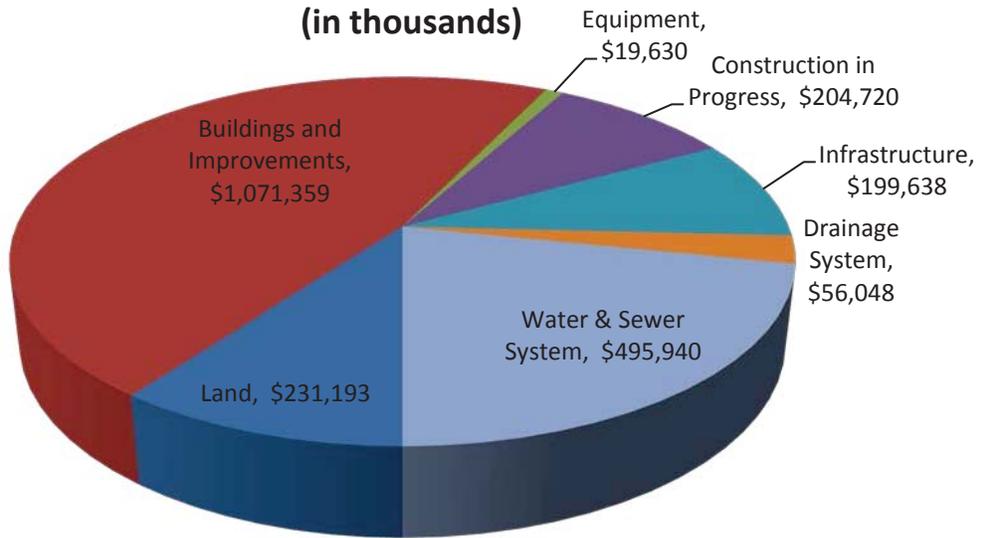
**Table 3**  
**Capital Assets, net of Accumulated Depreciation**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 221,319	\$ 209,703	\$ 21,540	\$ 21,490	\$ 242,859	\$ 231,193
Buildings and improvements	1,043,746	1,069,880	1,422	1,479	1,045,168	1,071,359
Equipment	17,007	18,581	835	1,049	17,842	19,630
Construction in progress	80,814	95,666	125,169	109,054	205,983	204,720
Infrastructure	209,198	199,638	-	-	209,198	199,638
Drainage system	-	-	54,663	56,048	54,663	56,048
Water and sewer system	-	-	504,033	495,940	504,033	495,940
Totals	<u>\$ 1,572,084</u>	<u>\$ 1,593,468</u>	<u>\$ 707,662</u>	<u>\$ 685,060</u>	<u>\$ 2,279,746</u>	<u>\$ 2,278,528</u>

**2014 Capital Assets  
(in thousands)**



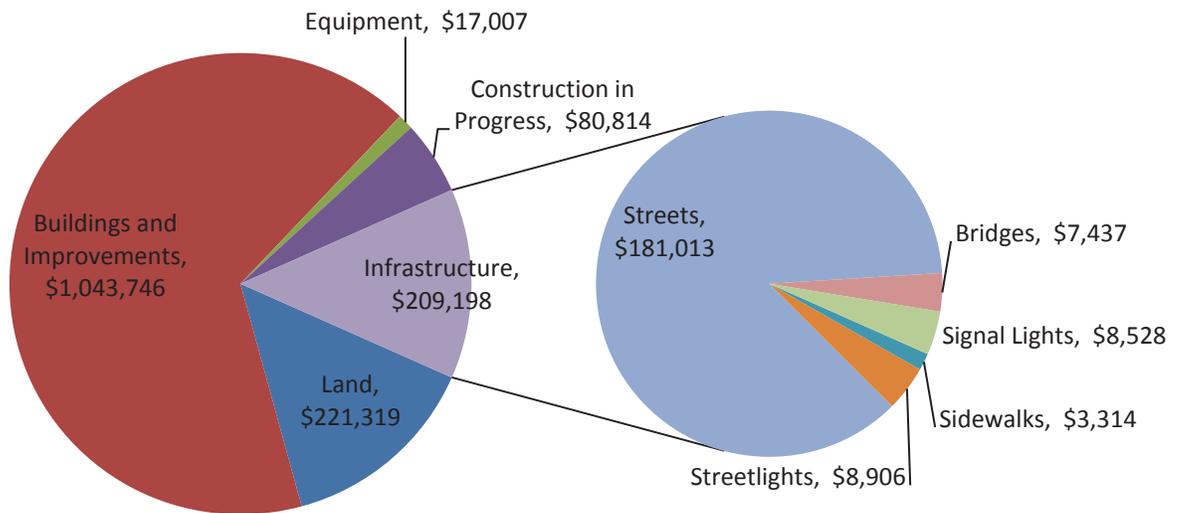
**2013 Capital Assets  
(in thousands)**



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

Asset	Book Value	Accumulated Depreciation	Net Value
Sidewalks	\$ 65,802	\$ (62,488)	\$ 3,314
Streetlights	19,202	(10,296)	8,906
Streets	709,003	(527,990)	181,013
Bridges	32,097	(24,660)	7,437
Signal Lights	17,032	(8,504)	8,528
<b>\$ 843,136</b>	<b>\$ (633,938)</b>	<b>\$ 209,198</b>	

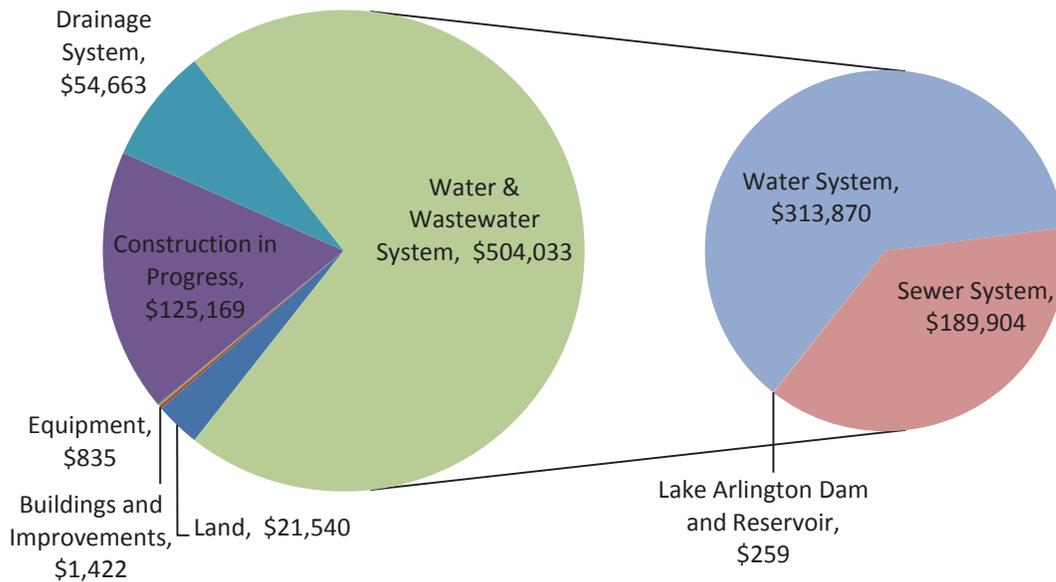
### 2014 Capital Assets – Governmental Infrastructure Detail (in thousands)



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	\$ (2,360)	\$ 259
Water System	\$ 485,079	\$ (171,209)	\$ 313,870
Sewer System	\$ 281,364	\$ (91,460)	\$ 189,904
	<u>\$ 769,062</u>	<u>\$ (265,029)</u>	<u>\$ 504,033</u>

### 2014 Capital Assets – Enterprise Infrastructure Detail (in thousands)



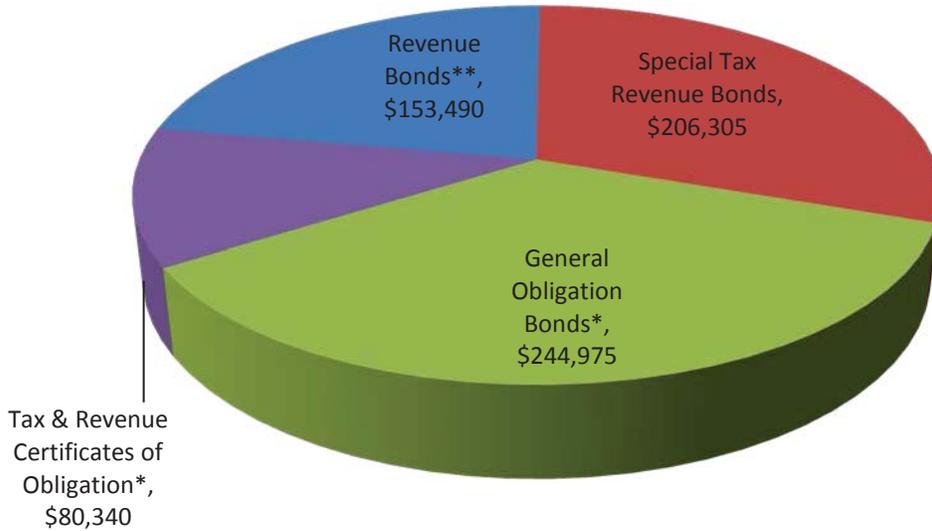
Major capital asset additions during the fiscal year include the following:

- Private developer capital contributions of \$3.1M 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 \$23.5M
- Storm drainage system capital improvements and expansion of \$9.9M
- Street construction projects capital outlay totaling \$22.0M
- Improvements to parks and recreation facilities of \$5.9M

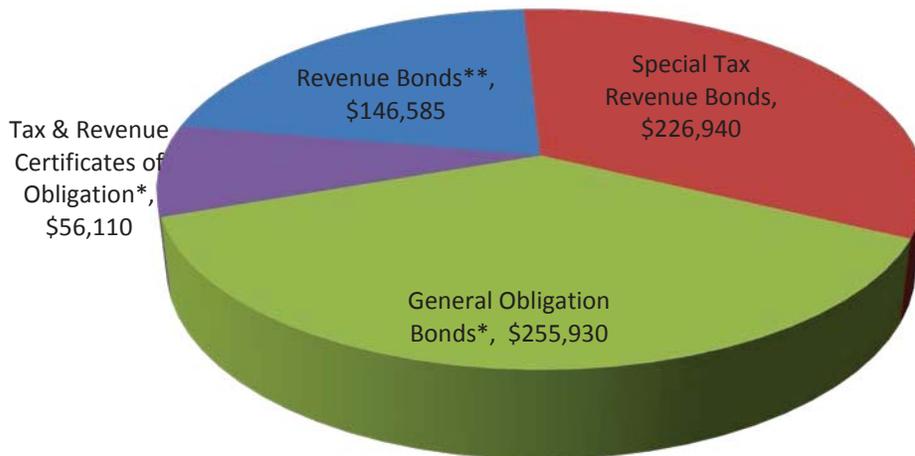
**Debt**

At year-end, the City had \$685.1M in debt, a decrease of \$.5 from 2013. The City refunded \$8M in water and wastewater system revenue bonds.

**2014 Outstanding Debt  
(in thousands)**



**2013 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			
	2014	2013	2014	2013	2014	2013
General obligation bonds (backed by the City)	\$ 244,975	\$ 255,930	\$ -	\$ -	\$ 244,975	\$ 255,930
Combination tax and revenue certificates of obligation (backed by the City)	80,340	56,110	-	-	80,340	56,110
Special tax revenue bonds	206,305	226,940	-	-	206,305	226,940
Revenue bonds (backed by fee revenues)	-	-	153,490	146,585	153,490	146,585
<b>Totals</b>	<b>\$ 531,620</b>	<b>\$ 538,980</b>	<b>\$ 153,490</b>	<b>\$ 146,585</b>	<b>\$ 685,110</b>	<b>\$ 685,565</b>

During the current fiscal year, the City issued \$14.5M in Permanent Improvement bonds to make various capital improvements, and to pay costs related to the issuance of the bonds. The City issued \$29M in Certificates of Obligation for the purpose of various capital improvements, including the Center Street bridge and new City Hall facilities, which includes the new central library. In 2014, the City issued \$13.3M in Water and Sewer Revenue Bonds for the purpose of improving and expanding existing water and wastewater infrastructure. In 2014 the City issued \$8M in Water and Wastewater System Revenue Refunding Bonds to refund outstanding obligations and pay costs associated with the sale of the bonds. Additionally, the City issued \$2.2M related to the 2008 and \$3.4M related to the 2010 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 2014, the City's tax supported debt rating was AA+ by Fitch, Inc. and was an Aa1 rating by Moody's Investor Services. The City maintained its rating by Standard and Poor's Corporation on its tax supported debt to AAA. The City rating by Standard and Poor's Corporation on its water and wastewater revenue bonds is 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 increased from \$846 in 2013 to \$892 in 2014.

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 1.82%.

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, 2014 was \$8.5M.

### **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 hosted the NCAA Final Four Basketball Championship. In 2015, the City will host the first ever National College Football Playoff 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 \$280.5M. The General Fund balance was \$56.2M, a decrease of \$.5M from prior year. The Debt Service fund balance decreased \$1.4M, ending the year with \$34.4M. 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 increased in fiscal year 2014, up from \$13.5M to \$22M. The \$22M in capital outlay was offset by capital contributions of \$2.9M and a debt issuance of \$12M, resulting in a \$6M decrease in fund balance.
- The City's water and sewer fund net position of \$587 increased by \$9.8M over the prior year net asset balance. The increase in net position is primarily due to operating revenues exceeding expenses by \$22.3M.

- 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 2014; storm water fee revenues exceeded fund expenses by \$6M, increasing fund balance to \$85.9M at the end of the fiscal year.

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

During fiscal year 2014, there were no budget amendments in the General Fund.

Actual expenditures on a budgetary basis of \$217.9M were slightly less than budgeted expenditures of \$219.5M. Position vacancies resulted in significant salary and benefit savings in the fund.

Revenues on a budgetary basis were lower than the budgeted amount of \$219.4M by \$2.7M. Taxes, utility franchise fees, service charges, and fines and forfeitures were lower than expected by \$2.3M, \$1.7M, \$1.7M and \$1M respectively. Lower than expected property and sales tax collections were received, while water and telephone utility fees accounted for the decrease in utility franchise fees. In addition, lower construction management, animal awareness and landscape/tree preservation fees led the decrease in service charges. These decreases were offset by higher than expected licenses and permits which exceeded budgetary expectations by \$2.3M. Building permit and gas well fees accounted for most of the licenses and permit fees increase.

#### **ECONOMIC FACTORS AND FISCAL YEAR 2015**

The City's elected and appointed officials considered many factors when setting the fiscal year 2015 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 its economic recovery. Home sales are increasing, for FY 2015 the City expects the increases to continue. General Fund property tax revenues increased to \$113.4M and sales taxes were strong in 2014. Nevertheless, City Council and management remain committed to prudent, conservative fiscal planning. Key budget strategies in 2015 are:

- Champion Neighborhoods
- Enhance regional mobility
- Support quality education
- Invest in our economy

The City's total General Fund revenues and transfers for 2015 are budgeted at \$216.1M, and total General Fund expenditures are expected to be \$213.2M, an net increase of \$1.6M over 2014.

The General Fund's largest single revenue source is property taxes. This revenue represents 36.6% of the General Fund budget. The property tax rate for 2015 is \$0.6480 per \$100 valuation, unchanged since 2004. The tax rate is broken into two pieces, operations and maintenance, \$0.4353 per \$100 valuation, to the General Fund, and interest and sinking, \$0.2127 per \$100 valuation, for debt service. The General Fund property tax revenue for 2015 is estimated to be \$79.2M, up \$1M (1.3%) 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 2015 is estimated at \$54.2M, substantially unchanged from 2014 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 \$65.7M and \$52.9M respectively for FY 2015. 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 2015 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 Amy Trevino, Controller ([amy.trevino@arlingtontx.gov](mailto:amy.trevino@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, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash-like investments	\$ 273,490	\$ 31,098	\$ 304,588	\$ 18,006
Investments	-	-	-	101,328
Receivables (net of allowance for uncollectibles):				
Taxes	5,026	-	5,026	-
Sales taxes	16,347	-	16,347	-
Trade accounts	51	9,344	9,395	-
Franchise fees	6,607	-	6,607	-
Unbilled trade accounts	-	6,685	6,685	-
Special assessments	137	-	137	-
Accrued interest	910	-	910	67
Ballpark lease	13,343	-	13,343	-
Settlement agreement	8,293	-	8,293	-
Other	4,560	5	4,565	798
Internal balances	2,479	(2,479)	-	-
Due from other governments	5,772	-	5,772	-
Inventory of supplies	1,508	643	2,151	-
Prepaid expenses	11,232	-	11,232	21
Net other post employment benefit asset	511	-	511	-
Restricted assets-				
Bond contingency-				
Investments	-	14,171	14,171	-
Capital construction-				
Investments	-	66,555	66,555	-
Escrow	-	4,173	4,173	-
Meter deposits-				
Investments	-	5,211	5,211	-
Closure/Post-closure trust fund				
Investments	7,208	-	7,208	-
Capital Assets-				
Land	221,319	21,540	242,859	-
Buildings and improvements	1,291,950	2,833	1,294,783	563
Water and sewer system	-	769,062	769,062	-
Machinery and equipment	93,685	11,900	105,585	1,179
Infrastructure	843,136	-	843,136	-
Drainage systems	-	90,133	90,133	-
Construction in progress	80,814	125,169	205,983	-
Accumulated depreciation	(958,820)	(312,975)	(1,271,795)	(1,272)
<b>Total Assets</b>	<u>1,929,558</u>	<u>843,068</u>	<u>2,772,626</u>	<u>120,690</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on debt refunding	6,327	1,479	7,806	-

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, 2014  
(CONTINUED)  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 18,870	\$ 4,754	\$ 23,624	\$ 1,875
Retainage payable	1,125	-	1,125	-
Accrued interest	2,971	-	2,971	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	2,962	2,962	-
Retainage payable	-	1,601	1,601	-
Accrued interest	-	1,747	1,747	-
Meter deposits	-	5,211	5,211	-
Non-current liabilities				
Due within one year:				
Estimated claims payable	4,499	-	4,499	-
General obligation and certificates of obligation debt	32,025	-	32,025	-
Special tax revenue debt	8,070	-	8,070	-
Accrued compensated absences	1,374	139	1,513	-
Revenue bonds	-	12,212	12,212	-
Due in more than one year:				
Estimated claims payable	3,980	-	3,980	-
Net other post-employment benefit obligation	33,633	-	33,633	-
Net pension obligation	17,536	-	17,536	-
General obligation and certificates of obligation debt	300,512	-	300,512	-
Special tax revenue debt	199,757	-	199,757	-
Landfill closure accrued liabilities	7,208	-	7,208	-
Accrued compensated absences	26,139	1,862	28,001	-
Revenue bonds	-	143,696	143,696	-
<b>Total Liabilities</b>	<b>657,699</b>	<b>174,184</b>	<b>831,883</b>	<b>1,875</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	4,367	-	4,367	57
<b>NET POSITION</b>				
Net investment in capital assets	1,106,840	618,187	1,725,027	470
Restricted for debt service	34,384	16,169	50,553	-
Restricted for use of impact fees	7,518	-	7,518	-
Restricted for housing assistance	-	-	-	173
Restricted for endowments	-	-	-	114,137
Unrestricted	125,077	36,007	161,084	3,978
<b>Total Net Position</b>	<b>\$ 1,273,819</b>	<b>\$ 670,363</b>	<b>\$ 1,944,182</b>	<b>\$ 118,758</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, 2014  
(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	\$ 74,183	\$ 23,650	\$ -	\$ 1,453
Public safety	146,899	19,337	8,006	-
Public works	63,566	1,412	372	3,127
Public health	2,740	3,447	152	-
Parks and recreation	34,075	10,187	209	330
Public welfare	11,558	224	1,214	-
Convention and event services	7,366	2,739	-	-
Interest and fiscal charges	28,703	-	-	-
<b>Total Governmental Activities</b>	<b>369,090</b>	<b>60,996</b>	<b>9,953</b>	<b>4,910</b>
<b>Business-Type Activities:</b>				
Water and sewer	95,820	116,145	-	3,136
Storm water utility	4,972	10,774	-	-
<b>Total Business-Type Activities</b>	<b>100,792</b>	<b>126,919</b>	<b>-</b>	<b>3,136</b>
<b>Total Primary Government</b>	<b>\$ 469,882</b>	<b>\$ 187,915</b>	<b>\$ 9,953</b>	<b>\$ 8,046</b>
<b>Component Units:</b>				
Arlington Housing Authority	\$ 28,258	\$ -	\$ 26,029	\$ -
Arlington Convention and Visitors Bureau	4,983	5,067	-	-
Arlington Tomorrow Foundation	1,800	-	-	-
Arlington Housing Finance Corporation	-	-	4	-
Arlington Convention Center Development Corp	3,874	-	-	3,785
<b>Total Component Units</b>	<b>\$ 38,915</b>	<b>\$ 5,067</b>	<b>\$ 26,033</b>	<b>\$ 3,785</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>
\$ (49,080)	\$ -	\$ (49,080)	\$ -
(119,556)	-	(119,556)	-
(58,655)	-	(58,655)	-
859	-	859	-
(23,349)	-	(23,349)	-
(10,120)	-	(10,120)	-
(4,627)	-	(4,627)	-
(28,703)	-	(28,703)	-
<u>(293,231)</u>	<u>-</u>	<u>(293,231)</u>	<u>-</u>
-	23,461	23,461	-
-	5,802	5,802	-
-	29,263	29,263	-
<u>\$ (293,231)</u>	<u>\$ 29,263</u>	<u>\$ (263,968)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (2,229)
-	-	-	84
-	-	-	(1,800)
-	-	-	4
-	-	-	(89)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,030)</u>
113,432	-	113,432	-
93,127	-	93,127	-
430	-	430	-
1,778	-	1,778	-
88	-	88	-
5,491	-	5,491	-
9,405	-	9,405	-
26,970	-	26,970	-
3,356	348	3,704	2,974
(469)	59	(410)	2,821
3,808	2	3,810	9,023
15,355	(15,355)	-	-
<u>272,771</u>	<u>(14,946)</u>	<u>257,825</u>	<u>14,818</u>
(20,460)	14,317	(6,143)	10,788
<u>1,294,279</u>	<u>656,046</u>	<u>1,950,325</u>	<u>107,970</u>
<u>\$ 1,273,819</u>	<u>\$ 670,363</u>	<u>\$ 1,944,182</u>	<u>\$ 118,758</u>

**CITY OF ARLINGTON, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Street Capital Projects	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash-like investments	\$ 48,623	\$ 28,753	\$ 63,419	\$ 117,540	\$ 258,335
Closure/Post-closure restricted cash	7,208	-	-	-	7,208
Receivables (net of allowance for uncollectibles)					
Taxes	2,533	594	-	1,899	5,026
Sales taxes	9,341	4,670	-	2,336	16,347
Franchise fees	6,607	-	-	-	6,607
Special assessments	-	-	137	-	137
Accrued interest	543	367	-	-	910
Lease and settlement agreements	21,635	-	-	-	21,635
Other	3,309	-	-	1,233	4,542
Due from other funds	4,967	-	-	-	4,967
Due from other governments	-	-	-	5,772	5,772
Inventory of supplies, at cost	1,206	-	-	249	1,455
Prepaid Expenditures	23	-	-	11,166	11,189
<b>Total Assets</b>	<b>\$ 105,995</b>	<b>\$ 34,384</b>	<b>\$ 63,556</b>	<b>\$ 140,195</b>	<b>\$ 344,130</b>

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES  
AND FUND BALANCES**

<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 11,872	\$ -	\$ 1,491	\$ 4,976	\$ 18,339
Retainage payable	2	-	668	455	1,125
Due to other funds	-	-	-	4,967	4,967
Closure/Post-closure trust fund	7,208	-	-	-	7,208
<b>Total Liabilities</b>	<b>19,082</b>	<b>-</b>	<b>2,159</b>	<b>10,398</b>	<b>31,639</b>

**Deferred inflows of resources:**

Taxes	2,377	-	-	-	2,377
Landfill liability	4,801	-	-	-	4,801
Gas lease	-	-	-	17	17
Lease and settlement agreements	21,636	-	-	-	21,636
Other	1,908	-	137	1,127	3,172
<b>Total Deferred Inflows of Resources</b>	<b>30,722</b>	<b>-</b>	<b>137</b>	<b>1,144</b>	<b>32,003</b>

**Fund Balances:**

<b>Nonspendable:</b>					
Inventory	1,206	-	-	249	1,455
Prepays	23	-	-	11,166	11,189
<b>Restricted for:</b>					
Debt Service	-	34,384	-	-	34,384
Capital Projects	-	-	61,260	38,672	99,932
Special Revenue	-	-	-	30,547	30,547
<b>Committed to:</b>					
Utility rate case	500	-	-	-	500
Capital Projects	-	-	-	25,725	25,725
Special Revenue	-	-	-	21,471	21,471
<b>Assigned to:</b>					
Encumbrances	4,449	-	-	-	4,449
Working capital	17,537	-	-	-	17,537
Subsequent years' expenditures	6,313	-	-	-	6,313
Compensated absences	1,372	-	-	-	1,372
Other post employment benefits	1,718	-	-	-	1,718
Future initiatives	17,151	-	-	-	17,151
Dispatch	756	-	-	-	756
Information Technology	195	-	-	-	195
Business continuity	4,062	-	-	-	4,062
Park performance	-	-	-	823	823
Unassigned	909	-	-	-	909
<b>Total Fund Balances</b>	<b>56,191</b>	<b>34,384</b>	<b>61,260</b>	<b>128,653</b>	<b>280,488</b>

<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 105,995</b>	<b>\$ 34,384</b>	<b>\$ 63,556</b>	<b>\$ 140,195</b>	<b>\$ 344,130</b>
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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, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

**Total fund balance per balance sheet** \$ 280,488

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 \$13,625 recorded in the internal service funds). 1,558,460

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

	Fund Deferred Inflows	Net Position Deferred Inflows	
Taxes	\$ 2,377	\$ -	
Landfill	4,801	4,801	
Gas lease	17	17	
Grant revenue	643	(451)	
Ballpark lease	13,343	-	
Settlement	8,293	-	
Other	2,529	-	
	32,003	4,367	27,636

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. 22,566

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 \$8,327 recorded in the internal service funds).

Bonds payable	\$(531,620)	
Premium general obligation debt	(11,293)	
Discount on bonds	2,549	
Deferred outflow of resources (refunding)	6,327	
Accrued interest payable	(2,971)	
Compensated absences	(27,475)	
Net other post-employment benefit obligation	(33,633)	
Net other post-employment asset	511	
TMRS net pension obligation	(17,536)	
Estimated claims	(190)	
	(615,331)	

**Net position of governmental activities** \$ 1,273,819

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, 2014**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

	General	Debt Service	Streets Capital Projects	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 131,794	\$ 66,105	\$ -	\$ 26,502	\$ 224,401
Licenses and permits	7,589	-	-	-	7,589
Utility franchise fees	26,970	-	-	-	26,970
Fines and forfeitures	15,191	-	-	-	15,191
Leases, rents and concessions	7,390	2,500	-	-	9,890
Service charges	5,345	-	-	14,360	19,705
Interest revenue	1,842	836	224	350	3,252
Net decrease in fair value of investments	47	(635)	45	66	(477)
Contributions	1,521	-	2,894	495	4,910
Intergovernmental revenues	2	-	-	15,474	15,476
Gas lease royalty	-	-	-	8,342	8,342
Gas lease other	-	-	-	9	9
Other	65	84	40	2,594	2,783
<b>Total Revenues</b>	<u>197,756</u>	<u>68,890</u>	<u>3,203</u>	<u>68,192</u>	<u>338,041</u>
<b>EXPENDITURES</b>					
Current-					
General government	38,210	-	-	4,835	43,045
Public safety	133,262	-	-	9,294	142,556
Public works	18,552	-	-	27,413	45,965
Public health	2,039	-	-	582	2,621
Public welfare	-	-	-	11,558	11,558
Parks and recreation	13,993	-	-	11,635	25,628
Convention and event services	-	-	-	7,366	7,366
Capital outlay	-	-	22,017	8,895	30,912
Debt service-					
Principal retirement	-	50,810	-	-	50,810
Redemption premium	-	168	-	-	168
Interest and fiscal charges	-	23,689	-	-	23,689
<b>Total Expenditures</b>	<u>206,056</u>	<u>74,667</u>	<u>22,017</u>	<u>81,578</u>	<u>384,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,300)</u>	<u>(5,777)</u>	<u>(18,814)</u>	<u>(13,386)</u>	<u>(46,277)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	12,040	2,445	14,485
Issuance of certificates of obligation	-	-	-	28,965	28,965
Bond premium	-	275	715	1,910	2,900
Transfers in	19,873	4,058	-	15,642	39,573
Transfers out	(12,122)	-	-	(12,395)	(24,517)
<b>Total Other Financing Sources and Uses</b>	<u>7,751</u>	<u>4,333</u>	<u>12,755</u>	<u>36,567</u>	<u>61,406</u>
<b>Net Change in Fund Balances</b>	(549)	(1,444)	(6,059)	23,181	15,129
<b>Fund Balances, October 1,</b>	56,740	35,828	67,319	105,472	265,359
<b>Fund Balances, September 30</b>	<u>\$ 56,191</u>	<u>\$ 34,384</u>	<u>\$ 61,260</u>	<u>\$ 128,653</u>	<u>\$ 280,488</u>

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

**CITY OF ARLINGTON, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

**Net change in fund balance - total governmental funds** \$ 15,129

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. 30,077

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. (51,397)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (5,059)

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	(2,899)	
Repayment of general obligation debt	50,810	
Proceeds from issuance of bonds	(43,450)	
Amortization of deferred loss on bond refunding	(518)	
Amortization of bond premium	1,342	
	<hr/>	5,285

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	(3,138)	
Accrued interest expense	16	
Post-employment benefit obligation expense	(3,411)	
TMRS net pension obligation	88	
Amortization of issuance cost	(5,670)	
Estimated salary expense	(190)	
	<hr/>	(12,305)

Internal service funds are used by management to charge the costs of fleet management and management information systems, property liability loss, health claims and offices services to individual funds. The net expenses of certain activities of internal service funds is reported within governmental activities. (2,190)

**Change in net position of governmental activities** \$ (20,460)

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, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			Governmental Activities- Internal Service Funds
	Water and Sewer	Storm Water Utility	Total	
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash-like investments	\$ 13,674	\$ 17,424	\$ 31,098	\$ 15,155
Receivables (net of allowances for uncollectibles):				
Trade accounts	8,402	942	9,344	51
Unbilled trade accounts	6,266	419	6,685	-
Other	5	-	5	18
Prepaid Expenditures	-	-	-	43
Inventory of supplies, at cost	644	-	644	53
Subtotal	<u>28,991</u>	<u>18,785</u>	<u>47,776</u>	<u>15,320</u>
Restricted Assets:				
Bond contingency-cash and cash-like investments	10,344	735	11,079	-
Capital construction-cash and cash-like investments	51,241	-	51,241	-
<b>Total Current Assets</b>	<u>90,576</u>	<u>19,520</u>	<u>110,096</u>	<u>15,320</u>
<b>Non-Current Assets:</b>				
Restricted Assets:				
Bond contingency- Investments	3,091	-	3,091	-
Accrued interest	-	-	-	-
Capital construction- Investments	15,314	-	15,314	-
Escrow	4,173	-	4,173	-
Meter deposit investments	5,211	-	5,211	-
Capital Assets:				
Land	7,116	14,424	21,540	-
Buildings and improvements	2,833	-	2,833	467
Water and sewer system	769,062	-	769,062	-
Machinery and equipment	11,877	23	11,900	42,165
Drainage system	-	90,133	90,133	-
Construction-in-progress	103,594	21,575	125,169	-
Accumulated depreciation	(277,505)	(35,470)	(312,975)	(29,007)
Total Capital Assets Net of Accumulated Depreciation	<u>616,977</u>	<u>90,685</u>	<u>707,662</u>	<u>13,625</u>
<b>Total Noncurrent Assets</b>	<u>644,766</u>	<u>90,685</u>	<u>735,451</u>	<u>13,625</u>
<b>Total Assets</b>	<u>735,342</u>	<u>110,205</u>	<u>845,547</u>	<u>28,945</u>
<b>Deferred Outflows of Resources:</b>				
Deferred loss on debt refunding	1,479	-	1,479	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 736,821</u>	<u>\$ 110,205</u>	<u>\$ 847,026</u>	<u>\$ 28,945</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, 2014  
(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	\$ 4,028	\$ 726	\$ 4,754	\$ 531
Accrued compensated absences	130	9	139	-
Revenue bonds payable from unrestricted assets	6,906	1,280	8,186	-
<b>Current Liabilities Payable From Restricted Assets:</b>				
Accounts payable and accrued liabilities	2,962	-	2,962	-
Retainage payable	1,110	491	1,601	-
Accrued interest	1,439	308	1,747	-
Estimated claims payable	-	-	-	4,309
Revenue bonds payable	4,026	-	4,026	-
Meter deposits	5,211	-	5,211	-
<b>Total Current Liabilities</b>	<b>25,812</b>	<b>2,814</b>	<b>28,626</b>	<b>4,840</b>
<b>Noncurrent Liabilities:</b>				
Estimated claims payable	-	-	-	3,980
Compensated absences	1,645	217	1,862	38
Revenue bonds payable from unrestricted assets	122,374	21,322	143,696	-
<b>Total Noncurrent Liabilities</b>	<b>124,019</b>	<b>21,539</b>	<b>145,558</b>	<b>4,018</b>
<b>Total Liabilities</b>	<b>149,831</b>	<b>24,353</b>	<b>174,184</b>	<b>8,858</b>
<b>NET POSITION</b>				
Net investment in capital assets	550,595	67,592	618,187	13,625
Restricted for debt service	16,169	-	16,169	-
Unrestricted	20,226	18,260	38,486	6,462
<b>Total Net Position</b>	<b>\$ 586,990</b>	<b>\$ 85,852</b>	<b>\$ 672,842</b>	<b>\$ 20,087</b>
Reconciliation to government-wide statements of net position:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(2,479)	
Net position of business-type activities			<u>670,363</u>	

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

**CITY OF ARLINGTON, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**  
**(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	\$ 59,327	\$ -	\$ 59,327	\$ -
Sewer service	52,096	-	52,096	-
Storm water fee - commercial	-	4,953	4,953	-
Storm water fee - residential	-	5,821	5,821	-
Service charges	-	-	-	36,467
Sundry	4,722	-	4,722	-
<b>Total Operating Revenues</b>	<b>116,145</b>	<b>10,774</b>	<b>126,919</b>	<b>36,467</b>
<b>Operating Expenses:</b>				
Purchase of water	21,191	-	21,191	-
Purchase of sewage treatment	28,151	-	28,151	-
Salaries and wages	12,827	1,595	14,422	418
Employees' retirement	1,861	235	2,096	61
Supplies	3,476	70	3,546	3,805
Maintenance and repairs	4,235	344	4,579	158
Utilities	2,806	15	2,821	70
Claims (net of adjustments)	-	-	-	26,430
Legal and professional	-	-	-	796
Depreciation	15,178	1,867	17,045	3,584
Miscellaneous services	4,125	650	4,775	4,256
<b>Total Operating Expenses</b>	<b>93,850</b>	<b>4,776</b>	<b>98,626</b>	<b>39,578</b>
<b>Operating Income (Loss)</b>	<b>22,295</b>	<b>5,998</b>	<b>28,293</b>	<b>(3,111)</b>
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	279	69	348	33
Net decrease in the fair value of investments	48	11	59	8
Gain on sale of assets	2	-	2	252
Interest expense and fiscal charges	(1,643)	(196)	(1,839)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(1,314)</b>	<b>(116)</b>	<b>(1,430)</b>	<b>293</b>
Income (loss) before transfers and contributions	20,981	5,882	26,863	(2,818)
Contributions in aid of construction	3,136	-	3,136	-
Transfers in	-	-	-	2,532
Transfers out	(14,354)	(1,001)	(15,355)	(2,233)
<b>Change in Net Position</b>	<b>9,763</b>	<b>4,881</b>	<b>14,644</b>	<b>(2,519)</b>
<b>Total Net Position, October 1</b>	<b>577,227</b>	<b>80,971</b>	<b>658,198</b>	<b>22,606</b>
<b>Total Net Position, September 30</b>	<b>\$ 586,990</b>	<b>\$ 85,852</b>	<b>\$ 672,842</b>	<b>\$ 20,087</b>
Net change in net position - total proprietary funds			\$ 14,644	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(327)	
Change in net position of business-type activities			<b>\$ 14,317</b>	

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, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Business-type Activities- Enterprise Funds</b>			<b>Governmental Activities- Internal Service Funds</b>
	<b>Water and Sewer</b>	<b>Storm Water Utility</b>	<b>Total</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 116,618	\$ 10,902	\$ 127,520	\$ 36,403
Cash payments to suppliers	(62,739)	(1,439)	(64,178)	(35,336)
Cash payments to employees	(14,609)	(1,787)	(16,396)	(458)
<b>Net Cash Provided By Operating Activities</b>	<b>39,270</b>	<b>7,676</b>	<b>46,946</b>	<b>609</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	-	-	2,532
Transfers out	(14,354)	(1,001)	(15,355)	(2,233)
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>(14,354)</b>	<b>(1,001)</b>	<b>(15,355)</b>	<b>299</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(23,257)	(9,950)	(33,207)	(3,558)
Increase/Decrease in escrow balance	(1,231)	-	(1,231)	-
Proceeds from sales of capital assets	-	-	-	291
Proceeds from issuance of long-term debt	26,940	-	26,940	-
Repayment of long-term debt	(18,755)	(1,280)	(20,035)	-
Interest payment long-term debt	(4,394)	(1,061)	(5,455)	-
<b>Net Cash Used For Capital And Related Financing Activities</b>	<b>(20,697)</b>	<b>(12,291)</b>	<b>(32,988)</b>	<b>(3,267)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds from interest earnings	348	69	417	33
Net decrease in the fair value of investments	48	11	59	8
Purchase of investments	(56,346)	(735)	(57,081)	-
Maturities/sales of investments	96,769	-	96,769	-
<b>Net Cash Provided By (Used For) Investing Activities</b>	<b>40,819</b>	<b>(655)</b>	<b>40,164</b>	<b>41</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>45,038</b>	<b>(6,271)</b>	<b>38,767</b>	<b>(2,318)</b>
<b>Cash and cash-like investments, October 1</b>	<b>30,221</b>	<b>23,695</b>	<b>53,916</b>	<b>17,473</b>
<b>Cash and cash-like investments, September 30</b>	<b>\$ 75,259</b>	<b>\$ 17,424</b>	<b>\$ 92,683</b>	<b>\$ 15,155</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income (loss)	\$ 22,295	\$ 5,998	\$ 28,293	\$ (3,111)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	15,178	1,868	17,046	3,584
Amortization of bond premium	350	99	449	-
Amortization of deferred loss on bond refunding	(174)	-	(174)	-
Provision for bad debts	200	(5)	195	-
(Increase) decrease in-				
Receivables	73	128	201	(64)
Inventory of supplies	(183)	-	(183)	14
Prepaid expenses	-	-	-	(18)
Increase (decrease) in-				
Accounts payable and accrued liabilities	1,445	(840)	605	85
Estimated claims payable	-	-	-	99
Retainage payable	(43)	386	343	-
Meter deposits	104	-	104	-
Accrued compensated absences	25	42	67	20
Total adjustments	16,975	1,678	18,653	3,720
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 39,270</b>	<b>\$ 7,676</b>	<b>\$ 46,946</b>	<b>\$ 609</b>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets from developers	3,136	-	3,136	-

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, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash-like investments	\$ 119	\$ 7,473
Investments		
Investment Retired City Mgr 401(k) plan	107	
Money market fund	38,410	-
Corporate bonds	1,657	-
Fixed income mutual bond funds	13,688	-
Common stock mutual bond funds	76,969	-
Balanced mutual funds	25,271	-
Participant borrowing	4,858	-
Self directed brokerage accounts	3,809	-
Total Investments	<u>164,769</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 164,888</u>	<u>\$ 7,473</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 12	\$ 7,473
Retired City mgr 401(k) plan payable	107	
<b>Total Liabilities</b>	<u>\$ 119</u>	<u>\$ 7,473</u>
 <b>NET POSITION</b>		
Held in trust for pension benefits	\$ 162,016	
Assigned pension trust	2,753	
<b>Total Net Position</b>	<u>\$ 164,769</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, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	<b>Pension Trust Funds</b>
<b>ADDITIONS</b>	
Employer contributions	\$ 2,717
Employee contributions	6,222
Net appreciation in fair value of investments	16,603
Other additions	233
<b>Total Additions</b>	<u>25,775</u>
<b>DEDUCTIONS</b>	
Benefits	10,903
Plan administration	167
Other deductions	43
<b>Total Deductions</b>	<u>11,113</u>
<b>Increase in Net Position</b>	14,662
<b>Net Position, October 1</b>	<u>150,107</u>
<b>Net Position, September 30</b>	<u>\$ 164,769</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, 2014**

**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 with a corpus of \$100 million created by natural gas revenues to be used for the benefit of the Arlington community. The City Council acts as the board of directors. The ATF's management is designated by the City, and City employees are responsible for the daily activities of the ATF; accordingly, the City has financial accountability over ATF's activities. Separate ATF component unit financial statements are not prepared.

Arlington Housing Finance Corporation

The Arlington Housing Finance Corporation (the "AHFC") provides financial assistance to low income, multi-family residences and single-family homebuyers within the City. The AHFC's board of directors is appointed by the City Council. The AHFC's management is designated by the City, and City employees are responsible for the daily activities of the AHFC; accordingly, the City has financial accountability over AHFC's activities. Separate AHFC component unit financial statements are not prepared.

#### Arlington 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 unearned 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-like Investments 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 investment

account on the balance sheet. In addition, certain other investments are separately held by several of the City's funds. Interest is allocated on a monthly basis to all funds in the investment pool based on their average balance at the end of each month. Interest earned by separate investments is credited to the respective funds.

For purposes of the statement of cash flows, the City considers all unrestricted investments included in its cash management pool to be cash-like investments 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-like investments.

The City elects to exclude investments with an original maturity of one year or less from date of purchase from fair value reporting. These investments are reported at amortized cost.

Texas statutes authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, fully collateralized certificates of deposit, repurchase agreements, commercial paper, and direct obligations of cities within the state of Texas. The City is also authorized to invest in direct obligations of the state of Texas or its agencies, obligations of states, agencies, counties, and other political subdivisions, money market mutual funds, prime bankers' acceptances, and reverse repurchase agreement.

In accordance with GASB Statement No. 31, investments with maturities greater than one year at time of purchase are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a transaction between willing parties.

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 2014, \$2,651,004 of interest cost, net of \$64,057 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 2014 for the Water and Sewer Fund amounted to approximately \$1,643,000 and \$279,000, respectively. In the Storm Water Utility Fund \$652,811 of interest cost, net of \$4,613 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 2014 for the Storm Water Utility Fund amounted to approximately \$196,000 and \$69,000, 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 usually 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 and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, as other financing sources or uses or expenditures at the time of the debt issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### 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 deferred outflows of resources and liabilities and deferred inflows of resources. 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.

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded and refunding debt.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. At the governmental fund level, revenues that have been billed but not yet collected are reported as unavailable revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### O. New Accounting Pronouncements

During fiscal year 2014, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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. Current financial statements reflect this presentation. \$5.6 million

in prior year deferred issuance costs were considered to be immaterial and expensed in the current year. Beginning year net position was not restated.

Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62*. 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. This pronouncement had no impact on current financial statements.

Statement No. 67, *Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25*. This Statement enhances note disclosures and Required Supplementary Information for pension plans. Current financial statements reflect the enhanced disclosures.

Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This pronouncement had no impact on current financial statements.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees and requires new information to be disclosed. This pronouncement had no impact on current financial statements.

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

Statement No. 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 and is expected to be significant.

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 2014, there were no budget amendments.

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

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

Certain interdepartmental revenues and expenses are included in budgetary basis revenues and expenditures, but are eliminated from actual revenues and expenditures.

General Fund encumbrances are added to the actual expenditures for budgetary comparison. Budgetary data for the project-length Special Revenue Funds and Capital Projects Funds have not been presented. Receipts of revenues are not estimable for all Special Revenue Funds and are not budgeted. Expenditures are limited to total revenues over the life of the funds. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in an annual Capital Improvements Program plan.

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

General Fund	Street Capital Projects Fund	Other Nonmajor Funds	Total
\$ 4,449	\$ 32,295	\$ 16,875	\$ 53,619

**B. Excess of expenditures over appropriations**

For the year ended September 30, 2014, there were no expenses exceeding budget in the aggregate.

**C. Deficit fund equity**

There were no funds with a deficit fund balance in the year ended September 30, 2014.

**III. DETAILED NOTES ON ALL FUNDS**

**1. CASH, CASH-LIKE INVESTMENTS AND INVESTMENTS**

Deposits - At September 30, 2014, the carrying amount of the City's demand deposits was \$13,529,000 (bank balance, \$19,626,000). The balance in cash on hand was \$32,000 at year end.

Investments - State statutes, the City’s Investment Policy and the City’s Depository Agreement govern the investments of the City. The City is authorized to invest in United States Treasuries, its agencies or instrumentalities, other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States or its agencies and instrumentalities, obligations of Texas and its agencies, counties and cities, and other political subdivisions rated not less than AA, obligations of other states, its agencies, counties, cities, and other political subdivisions rated not less than AA, fully insured or collateralized certificates of deposit, fully collateralized repurchase agreements, Guaranteed Investment Contracts, commercial paper rated A-1+, P-1 with an underlying long-term rating of AA or better, government pools and

money market funds consisting of any of these securities listed. Major provisions of the City’s investment policy include the following: depositories must be FDIC-insured institutions, depositories must fully insure or collateralize all deposits, and investments must be purchased in the name of the City and be delivered to the City’s agent for safekeeping. For additional information see the City of Arlington Investment Policy at [www.arlingtontx.gov](http://www.arlingtontx.gov). The City elects to exclude investments with an original maturity of one year or less from date of purchase from fair value reporting. These investments are reported at amortized cost.

Cash, Cash-like investments and investments include: (amounts in thousands) Governmental Activities (280,698), Business-type Activities (117,035), and Agency Funds (7,473).

As of September 30, 2014, the City had the following investments (amounts in thousands):

<b>Investments</b>	<b>Fair Value</b>	<b>Weighted Avg Maturity (in days)</b>	<b>Credit Risk</b>
Agency	182,252	430	<b>AAA</b>
Local Gov't Invest Pools	141,692	1	<b>AAA</b>
Texas Municipal	10,836	428	<b>AA+</b>
Non-Texas Municipal	23,672	469	<b>AA+</b>
Certificates of Deposit	24,245	159	<b>AAA</b>
Money Market Fund	8,948	1	<b>AAA</b>
<b>Total Fair Value</b>	<b>391,645</b>		

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

<b>Fund</b>	<b>Maximum Maturity</b>	<b>Maximum WAM</b>
General Operating	3 Years	18 Months
Capital Project	3 Years	18 Months
Working Capital Reserve	5 Years	4 Years
Dallas Cowboy Complex Development Debt Service Reserve	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

*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 local government investment pools include investments in TexPool, TexasDaily and TexStar. These are public funds investment pools operate 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, 2014, the City's investment in TexPool was \$67,119,000, the City's investment in TexasDaily was \$17,383,000 and the City's investment in TexStar was \$57,190,000, 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 Chief Appraiser. The total market value for FY14 was \$24,638,809,744, which encompasses all properties in Arlington, including real estate, personal, and mineral properties prior to any exemptions or abatements. The assessed value for the tax roll of September 1, 2013, upon which the original FY14 levy was based, was \$18,088,407,000.

City property tax revenues are recorded as receivables and unearned revenues at the time the tax levy is billed. Current year revenues recognized are those collected within the current period, or soon enough thereafter to pay current liabilities, generally within sixty days after year-end. An allowance is provided for delinquent property taxes not expected to be collected in the future.

For the fiscal year ended September 30, 2014, the City had a tax rate of \$0.6480 (\$0.4353 for general government and \$0.2127 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 \$334,997,298 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately \$18,088,407,000.

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. The revenue for this fiscal year was \$500,000. The lease is accounted for as an operating lease. The cost of the stadium is \$1,109,951,954 with an accumulated depreciation of \$126,140,772.

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, 2014, outstanding conduit debt was \$140,400,000.

Franchise - The City and the Dallas Cowboys Football Club, LTD. entered into a franchise agreement that requires the Dallas Cowboys NFL football franchise to remain in Arlington and to play 7 of 8 of the team’s regular season home games in the Complex for a minimum of 30 years after the Complex opens. If the lease renewal options are exercised, the Cowboys’ obligation to stay in Arlington is extended for the renewal term.

In July 2013, an agreement was reached between the Cowboys and AT&T for naming rights to the stadium. The City will receive 5% of the revenue as additional rent 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, 2014 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	\$ 9,985	\$ 594	\$ -	\$ -	\$ -	\$ 1,899	\$ -	\$ 12,478
Franchise Fees	6,607	-	-	-	-	-	-	6,607
Trade Accounts	-	-	991	10,506	-	-	51	11,548
Unbilled Trade Accounts	-	-	419	6,493	-	-	-	6,912
Special Assessments	-	-	-	-	137	-	-	137
Sales Taxes	9,341	4,670	-	-	-	2,336	-	16,347
Lease and settlement agreements	21,635	-	-	-	-	-	-	21,635
Accrued Interest	543	367	-	-	-	-	-	910
Other	3,309	-	-	5	-	1,233	18	4,565
Gross Receivables	51,420	5,631	1,410	17,004	137	5,468	69	81,139
Less: Allowance for Uncollectibles	(7,452)	-	(49)	(2,331)	-	-	-	(9,832)
Net total Receivables	\$ 43,968	\$ 5,631	\$ 1,361	\$ 14,673	\$ 137	\$ 5,468	\$ 69	\$ 71,307

## 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 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	\$ 11,616	\$ -	\$ 221,319
Construction in progress-other	95,666	32,328	(47,180)	80,814
Total capital assets, not being depreciated	<u>305,369</u>	<u>43,944</u>	<u>(47,180)</u>	<u>302,133</u>
Capital assets, being depreciated:				
Buildings and improvements	1,286,267	5,683	-	1,291,950
Equipment	91,903	6,456	(4,674)	93,685
Infrastructure	818,245	24,891	-	843,136
Total capital assets, being depreciated	<u>2,196,415</u>	<u>37,030</u>	<u>(4,674)</u>	<u>2,228,771</u>
Less accumulated depreciation for:				
Buildings and improvements	216,387	31,817	-	248,204
Equipment	73,322	7,833	(4,477)	76,678
Infrastructure	618,607	15,331	-	633,938
Total accumulated depreciation	<u>908,316</u>	<u>54,981</u>	<u>(4,477)</u>	<u>958,820</u>
Total capital assets, being depreciated, net	<u>1,288,099</u>	<u>(17,951)</u>	<u>(197)</u>	<u>1,269,951</u>
Governmental activities capital assets, net	<u>\$ 1,593,468</u>	<u>\$ 25,993</u>	<u>\$ (47,377)</u>	<u>\$ 1,572,084</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	\$ 21,490	\$ 50	\$ -	\$ 21,540
Construction in progress	109,054	36,747	(20,632)	125,169
Total capital assets, not being depreciated	<u>130,544</u>	<u>36,797</u>	<u>(20,632)</u>	<u>146,709</u>
Capital assets, being depreciated:				
Buildings and improvements	2,833	-	-	2,833
Drainage System	89,651	482	-	90,133
Water and sewer system	746,116	22,946	-	769,062
Machinery and equipment	11,846	54	-	11,900
Total capital assets, being depreciated	<u>850,446</u>	<u>23,482</u>	<u>-</u>	<u>873,928</u>
Less accumulated depreciation for:				
Buildings and improvements	1,354	57	-	1,411
Drainage System	33,603	1,867	-	35,470
Water and sewer system	250,176	14,853	-	265,029
Machinery and equipment	10,797	268	-	11,065
Total accumulated depreciation	<u>295,930</u>	<u>17,045</u>	<u>-</u>	<u>312,975</u>
Total capital assets, being depreciated, net	<u>554,516</u>	<u>6,437</u>	<u>-</u>	<u>560,953</u>
Business-type activities capital assets, net	<u>\$ 685,060</u>	<u>\$ 43,234</u>	<u>\$ (20,632)</u>	<u>\$ 707,662</u>

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

Governmental activities:	
General Government	\$ 26,300
Public Safety	2,624
Parks and recreation	5,208
Public works	17,265
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>3,584</u>
Total depreciation expense – governmental activities	<u>\$54,981</u>
Business-type activities:	
Storm Water Utility	1,867
Water and sewer	<u>\$ 15,178</u>
Total depreciation expense – business-type activities	<u>\$ 17,045</u>

Discretely presented component units:

(amounts expressed in thousands)

	<u>Balance at</u> <u>Beginning of</u>	<u>Transfer and</u>	<u>Transfers and</u>	<u>Balance at End</u>
	<u>Year</u>	<u>Additions</u>	<u>Retirements</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	(265)	(14)	-	(279)
Machinery and equipment	(314)	(33)	-	(347)
Total accumulated depreciation	<u>(579)</u>	<u>(47)</u>	<u>-</u>	<u>(626)</u>
Arlington Housing Authority, Inc. Capital assets, net	<u>\$ 353</u>	<u>\$ (47)</u>	<u>\$ -</u>	<u>\$ 306</u>
	<u>Balance at</u> <u>Beginning of</u>	<u>Transfer and</u>	<u>Transfers and</u>	<u>Balance at End</u>
	<u>Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>of Year</u>
<b>Arlington Convention and Visitors Bureau, Inc.</b>				
Capital asset, being depreciated:				
Machinery and equipment	\$ 789	\$ 21	\$ -	\$ 810
Total capital assets, being depreciated	<u>789</u>	<u>21</u>	<u>-</u>	<u>810</u>
Less accumulated depreciation for:				
Machinery and equipment	(540)	(106)	-	(646)
Total accumulated depreciation	<u>(540)</u>	<u>(106)</u>	<u>-</u>	<u>(646)</u>
Arlington Convention and Visitors Bureau, Inc. Capital assets, net	<u>\$ 249</u>	<u>\$ (85)</u>	<u>\$ -</u>	<u>\$ 164</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 850 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, 2013 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.tmr.com](http://www.tmr.com).

Benefits depend upon a sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 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 2014, 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 16.47% of covered payroll for the months in calendar year 2013, and 16.28% for the months in calendar year 2014. 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, 2012 valuation is effective of rates beginning January 1, 2014). 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 \$24,586,143 was \$87,837 lower than the City's contributions.

Annual required contribution (ARC)	\$ 24,461,796
Interest	1,233,690
Adjustment to the ARC	<u>(1,109,343)</u>
Annual pension cost (expense)	24,586,143
Contribution made	<u>24,673,980</u>
Increase (decrease) in net pension obligation	(87,837)
Net pension obligation beginning of year	<u>17,624,136</u>
Net pension obligation end of year	<u>\$ 17,536,299</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>
2014	\$24,586,143	100.36%	\$17,536,299
2013	\$24,352,889	100.23%	\$17,624,136
2012	\$25,111,256	100.14%	\$17,681,349

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, 2013, the most recent actuarial valuation date, the plan was 83.9 percent funded. The actuarial accrued liability for benefits was \$1,003,238,111, and the actuarial value of assets was \$842,193,693, resulting in an unfunded actuarial accrued liability (UAAL) of \$161,044,418. The covered payroll (annual payroll of active employees covered by the plan) was \$150,941,487, and the ratio of the UAAL to the covered payroll was 106.7%.

Actuarial Methods and Assumptions:

A summary of actuarial assumptions is as follows:

Actuarial valuation date	12/31/2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	22 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

Part-Time, Seasonal and Temporary Employees Deferred Income Plan

The Part-Time, Seasonal and Temporary Employees Deferred Income Plan (PSTDIP) provides a retirement benefit for those employees not eligible to participate in the Texas Municipal Retirement System. Its financial statements are presented below. PSTDIP does not issue stand-alone financial statements.

**City of Arlington, Texas**  
**Part-time, Seasonal and Temporary**  
**Employees Deferred Income Plan**

**Statement of Fiduciary Net Position**  
**June 30, 2014**

<b>Assets</b>	
Cash and deposits	\$ 69,186
Receivables	8,719
Investments	
Mutual funds - bonds	2,027,381
Mutual funds - equities	566,089
Total investments	<u>2,593,470</u>
Total assets	<u>\$ 2,671,375</u>
<b>Liabilities</b>	
Accrued expenses	<u>\$ 2,850</u>
<b>Net position restricted for pensions</b>	<u><u>\$ 2,668,525</u></u>

**Statement of Changes in Fiduciary Net Position**  
**for the Year Ended June 30, 2014**

<b>Additions</b>	
Contributions:	
Employer	\$ 21,324
Employees	99,684
Total contributions	<u>121,008</u>
Net investment income	
Interest and dividends	34,617
Net appreciation in fair value of investm	185,878
Total investments	<u>220,495</u>
Total additions	<u>341,503</u>
<b>Deductions</b>	
Benefit payments	78,517
Administrative expenses	46,485
Total deductions	<u>125,002</u>
Net increase in net position	216,501
<b>Net position restricted for pensions</b>	
Beginning of year	<u>2,452,024</u>

**Notes to the Financial Statements for the Year Ended June 30, 2014**

**Summary of Significant Accounting Policies**

*Method used to value investments.* Investments are reported at fair value based on objective, observable, unadjusted quoted market prices of identical investments in an active market on the measurement date.

**Plan Description**

*Plan administration.* The City’s Retirement Committee administers the Part-time, Seasonal and Temporary Employees Deferred Income Plan (PSTDIP) – a single-employer defined pension plan that provides benefits for all part-time, seasonal and temporary employees.

Management of the PSTDIP is vested in the City’s Retirement Committee which consists of six executive representatives of City departments. The Committee includes the Director of Human Resources appointed as Chair, the Chief Financial Officer, and a representative of the City Manager’s Office. The Committee meets on a quarterly basis and has final approval for all administrative actions.

*Plan membership.* As of July 1, 2014 pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	8
Inactive plan members entitled to but not yet receiving benefits	3,512
Active plan members	<u>686</u>
	4,206

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

*Contributions.* The Retirement Committee establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by plan members during the year. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2014, the active member average contribution rate was 3.0 percent of annual pay and the City’s average contribution rate was 0.8 percent of annual payroll.

**Investments**

*Investment policy.* The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the Retirement Committee. It is the policy of the Committee to pursue an investment strategy with the primary focus on current income generation and capital preservation while allowing for modest consideration for capital growth. The majority of assets are to be held in fixed income securities or other income producing investments with moderate levels of principal volatility. The following was the Committee’s adopted asset allocation policy as of June 30, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	20%
Fixed-Income	77%
Cash (or equivalents)	3%

*Concentrations.* The following investments represent 5 percent or more of the pension plan's fiduciary net position:

Federated Total Return BD – IS#328	23%
Met West Total Return Bond CI I #512	15%
Wells Fargo Core Cond CIT F	38%

*Rate of return.* For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan expense was 8.29 percent. For all assets, a total return is calculated (including market value appreciation or depreciation, plus interest and dividends). The monthly rates of return are then geometrically linked.

### **Net Pension Asset of the City**

The components of the net pension asset of the City at June 30, 2014 were as follows:

Total pension liability	\$ 2,234,030
Plan fiduciary net position	<u>(2,668,525)</u>
City's net pension asset	<u>\$ ( 434,495)</u>

Plan fiduciary net position as a percentage of the total pension liability	119.45%
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*Actuarial Assumption.* The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 percent
Investment rate of return	5.5 percent

Mortality rates were based on the RP-2000 Mortality Table projected to 2003 with Scale AA

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Cash & Cash Equivalents	0.50%
Fixed Income	1.25%
Domestic Large Cap Equity	6.25%
Domestic Mid Cap Equity	7.25%
Domestic Small Cap Equity	8.00%
International Developed Equity	6.75%
International Emerging Equity	9.50%

*Discount rate.* A single discount rate of 5.5 percent was used to measure the total pension liability as of June 30, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 5.5 percent and a municipal bond rate of 4.29 percent (based on the Bond Buyer 20-year Municipal Bond Index as of June 26, 2014). The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made at the current contribution rate and the City contributions will be made at rates equal

to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position and the future contributions were sufficient to finance the future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension asset to changes in the discount rate.* The following presents the net pension asset of the City, calculated using the discount rate of 5.5 percent, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (4.5 percent) or 1 percentage point higher (6.5 percent) than the current rate:

	1% Decrease (4.5%)	Current Discount Rate (5.5%)	1% Increase (6.5%)
City's net pension asset	\$221,027	\$434,495	\$610,097

Part-Time Deferred Income Trust

The Part-Time Deferred Income Trust Fund (PDIT) accounts for the assets held in The Part-Time Seasonal and Temporary Employees Deferred Income Plan.

As of July 1, 2014, the most recent actuarial valuation date, the PDIT was 119.4 percent funded. The actuarial accrued liability for benefits was \$2,234,030, and the actuarial value of assets was \$2,668,525, resulting in an excess funded actuarial accrued liability (EAAL) of (\$434,495). The covered payroll (annual payroll of active employees covered by the plan) was \$2,849,197, and the ratio of the EAAL to the covered payroll was (15.2) percent.

The contribution rate for employees is 3 percent, and the City's actuarially determined matching percent was 0.8 percent for fiscal year 2013. For fiscal year 2014, the contribution rate required is 0.6 percent. The City's required contribution rate was determined as part of the July 1, 2014, 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, 2014 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.

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net Pension Obligation</u>
9/30/14	\$17,000	100.00%	-
9/30/13	\$16,000	100.00%	-
9/30/12	\$15,000	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.

#### 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, 2014, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was \$160,724,000.

The City's total payroll during fiscal 2014 was \$156,999,000. The current year contribution was calculated based on a covered payroll of \$93,874,000, resulting in a required and actual employer contribution of \$2,580,000 and actual employee contributions of \$6,120,000. The employer contribution represents 2.70 percent of the covered payroll. The employee contribution represents approximately 6.5 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2014. There were no related-party transactions. The Thrift Plan does not issue separate stand-alone financial statements.

The Thrift Savings Plan does not issue separate GAAP financial reports. Its financial statements are presented below as of and for the year-ended September 30, 2014. (amounts in thousands):

ASSETS	
Investments	\$ 160,724
Total Assets	<u>160,724</u>
NET POSITION, Held in Trust for Pension Benefits	<u>\$ 160,724</u>

Changes in Net Position

	<u>Thrift Savings Plan</u>
ADDITIONS	
Employer contributions	\$ 2,580
Employee contributions	6,120
Net appreciation in fair value of investments	16,452
Other	150
Total Additions	<u>25,302</u>
DEDUCTIONS	
Benefits	(10,660)
Plan administration	(96)
Other	(43)
Total Deductions	<u>(10,799)</u>
Increase in Net Position	14,503
NET POSITION, October 1	<u>146,221</u>
NET POSITION, September 30	<u>\$ 160,724</u>

City contributions for the above plans for the year ended September 30, 2014, are as follows (amounts in thousands):

TMRS	\$24,674
THRIFT	2,580
PTDIT	<u>25</u>
	<u>\$27,279</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-like investments 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, 2014, 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, 2014, the City contributed \$112,000 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, 2014, the most recent actuarial valuation date, the plan was 84.6 percent funded. The actuarial accrued liability for benefits was \$1,691,925, and the actuarial value of assets was \$1,431,576, resulting in an unfunded actuarial accrued liability (UAAL) of \$260,349.

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	7/1/2014
Actuarial cost method	Entry age normal
Amortization method	Level dollar amortization
Remaining amortization period	8 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	\$ 74
Interest on net OPEB asset	(28)
Adjustment to annual required contribution	<u>73</u>
Annual OPEB cost (expense)	119
Contributions made	<u>(112)</u>
Increase in net OPEB asset	7
Net OPEB asset - beginning of year	<u>(518)</u>
Net OPEB asset - end of year	<u>\$ (511)</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2014 and the six 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>
9/30/14	\$119,000	94.10%	(\$511,000)
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)

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

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

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

DIP does not issue separate GAAP financial reports. Its financial statements are presented below as of September 30, 2014 (in thousands):

Net Position

Assets	
Investments	<u>\$ 1,399</u>
Total assets	<u>1,399</u>
Net position, held in trust for	
Other postemployment benefits	<u>\$ 1,399</u>

Changes in Net Position

Additions	
Employer contributions	\$ 112
Net appreciation in fair value	
Of investments	<u>83</u>
Total additions	<u>\$ 195</u>
Deductions	
Benefits	(155)
Plan Administration	<u>(21)</u>
Total deductions	<u>(176)</u>
Increase in net position	19
Net position, October 1, 2013	<u>1,380</u>
Net position, September 30, 2014	<u>\$ 1,399</u>

**Retiree Health Insurance**

The City of Arlington administers a single-employer self-funded health care plan. The plan provides post-retirement health care benefits to eligible retirees and their dependents.

To be eligible for retiree health insurance, an employee must be eligible to retire from the City of Arlington based upon the policies and requirements of the Texas Municipal Retirement System (“TMRS”) and elect to retire at the time of separation from the City. If a retiree has coverage through another employer, they must waive the City retiree coverage until the employer based coverage terminates. As of July 1, 2014, there were 767 retired employees who met this requirement.

An employee may retire from the City based on one of the following circumstances: (1) the employee becomes eligible and elects to retire under the Texas Municipal Retirement System (TMRS) after either 20 years of service credit at any age, or after a minimum of five years of service at age 60; (2) the employee becomes eligible and elects to retire under the provisions of TMRS relating to disability retirement.

A Retiree may be eligible for insurance benefits that include: medical, dental, and vision benefits, regardless of the number of years worked for the City. However, to be eligible for a contribution from the City toward medical insurance, the Retiree must meet all of the following requirements:

- Be a minimum of age 50 and have a minimum of 10 years of full-time service with the City of Arlington and age plus years of service with the City must equal at least 70.
- Elect to receive their TMRS pension at the time of separation from the City of Arlington.
- Be hired/re-hired OR transferred to a Full-time status prior to January 1, 2006.

## Retiree Health Insurance City Contributions

The City's contribution toward Retiree health insurance premiums is based upon five criteria: Date of Hire, Re-hire, or Full-time Status; Years of Full-time Service with the City of Arlington; Age; Election of TMRS Pension; and Date of Retirement.

1. Retirees who were hired/re-hired or transferred into a full-time status prior to 1/1/2006 have a City contribution based on their years of eligible service with the City. Retirees who were hired/re-hired or transferred into a full-time status after 1/1/2006 have no City contribution; however they may elect to pay the full cost and remain on the City's health plan.
2. Retirees who are TMRS eligible and elect a pension, are a minimum of age 50 and have 10 years of full-time service with the City of Arlington are eligible for a City contribution if hired, re-hired, or transferred into a full-time status prior to 1/1/2006.
3. Retirees who are TMRS eligible, have elected a pension but have less than 10 years of full-time service with the City of Arlington are not eligible for the City contribution, but may elect insurance benefits and pay the full premium.
4. Retirees who retired prior to 1/1/2008 have a City contribution toward their dependent's health coverage. Retirees who are retiring after 1/1/2008 do not have a contribution toward their dependent's health care.
5. Effective January 1, 2014, the City's retiree contribution was changed to a flat rate based on date of retirement. The contribution for retirees over the age of 65 has \$50 of the contribution designated for Medicare pharmacy coverage. Appendix A contains the current City retiree contribution amounts.

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

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

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

Annual required contribution	\$ 8,821
Interest on net OPEB Obligation	1,360
Adjustment to annual required contribution	<u>(1,815)</u>
Annual OPEB cost (expense)	8,366
Contributions made	<u>(4,962)</u>
Increase in net OPEB obligation	3,404
Net OPEB obligation – beginning of year	<u>30,229</u>
Net OPEB obligation – end of year	<u><u>\$ 33,633</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the five preceding years are as follows (dollar amounts in thousands):

	<u>Ending</u>	<u>Cost</u>	<u>Contribution</u>	<u>Obligation</u>
	9/30/14	\$ 8,366	59.31%	\$ 33,633
	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

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$103.5 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$103.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$132.2 million, and the ratio of the UAAL to the covered payroll was 78.3 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	7/1/2014
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open
Remaining amortization period	30 years
Healthcare Cost trend rate - medical	7.25% initial (2014) 4.5% ultimate (2026)
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 .12 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, 2014, 2013, and 2012, were \$181,872, \$207,493, and \$209,933, respectively, which equaled the required contributions each year.

## 8. DEBT AND LIABILITIES

### General Obligation Bonds

On June 1, 2014, the City issued Permanent Improvement Bonds, Series 2014 of \$14,485,000 with an interest rate of 2.75 to 5.0 percent and serial maturities on August 15 from 2015 through 2034. Interest on the bonds is due every February and August 15, beginning February 15, 2015. 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 2014 Bonds. Total interest requirements for the Series 2014 bonds at a rate from 2.75 to 5.00 percent is \$5,883,652 in the aggregate.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.75-5.000%	\$ 99,055
Governmental activities - refunding	1.0-5.000%	<u>145,920</u>
Total Governmental		<u>\$ 244,975</u>

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

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
September 30		
2015	\$ 26,040	\$ 9,632
2016	24,640	8,500
2017	23,970	7,497
2018	20,830	6,531
2019	19,475	5,725
2020-2024	68,670	19,156
2025-2029	46,290	7,885
2030-2034	15,060	1,279
	<u>\$ 244,975</u>	<u>\$ 66,205</u>

General obligation debt authorized and unissued as of September 30, 2014, amounted to \$60,345,000.

### Certificates of Obligation

On June 1, 2014 the City issued Combination Tax and Revenue Certificates of Obligation Series 2014 of \$28,965,000 with an interest rate of 2.75 to 5.00. The Series 2014 Certificates will mature on August 15 over a period from 2015 to 2032. Interest is payable February 15 and August 15. The total interest requirement for the the Series 2014 at a rate of 2.75 to 5.00 is 11,764,376 in the aggregate. The certificates were issued with the purpose of designing, developing, constructing, improving, extending, and expanding streets, thoroughfares, sidewalks, bridges, including the Center Street Bridge, and other public ways of the City, including streetscaping, streetlighting, right-of-way

protection, utility relocation, and related storm drainage improvements; and acquiring rights-of-way in connection therewith, designing, developing, constructing improving and equipping new City Hall facilities, including a new council meeting room, library facilities and related site parking and to pay for professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

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	
	Principal	Interest
2015	\$ 5,985	\$ 3,548
2016	5,740	3,196
2017	4,515	2,994
2018	3,750	2,805
2019	3,815	2,625
2020-2024	20,020	10,420
2025-2029	19,895	5,831
2030-2034	16,620	1,939
	<u>\$ 80,340</u>	<u>\$ 33,358</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	
	Principal	Interest
2015	\$ 8,070	\$ 10,593
2016	8,530	10,208
2017	8,570	9,781
2018	13,235	9,372
2019	13,815	8,753
2020-2024	80,850	32,684
2025-2029	70,530	9,296
2030-2031	2,705	271
	<u>\$ 206,305</u>	<u>\$ 90,958</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

2014, the City redeemed \$12,175,000 of the 2005A Term Bonds maturing August 15, 2031 and \$750,000 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 \$297,263,000. Principal and interest payments and total pledged revenues for the year ended September 30, 2014 were \$19,311,000 and \$21,844,000, 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 2014 the City issued Water & wastewater System Revenue Bonds Series 2014 in the amount of \$3,430,000 for the purpose of improving and extending the System and paying the costs of the issuing Bonds. These bonds are held by the Texas Water Development Board (TWDB). These bonds will mature June 2015 to June 2034 at interest rates of .30 percent to 1.980 percent.

In fiscal year 2014, the City issued \$2,210,000 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 \$2,200,000 related to previously issued 2010 TWDB Clean Water Debt. Funds from the 2010 debt are held in escrow until the City requests a drawdown of funds for a specific purpose. This brings the total outstanding TWDB balance to \$40,720,000. These bonds will mature June 2015 to June 2024 at interest rates to 1.7 percent.

In June, 2014, the City issued \$13,325,000 in Water and Wastewater System Revenue Bonds, Series 2014A. 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 2015 to 2034. Interest, at a rate of 2.75 to 5.00 percent, is \$4,750,572 in the aggregate.

In June, 2014 the City issued \$7,975,000 in Water and Wastewater System Revenue Refunding Bonds, Series 2014B 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 2015 to 2024. Interest is payable June 1 and December 1 of each year, commencing December 1, 2014. Total interest requirements for these bonds at a rate from 2.00 to 4.00 percent is \$1,469,037 in the aggregate. The refunding was undertaken to achieve a present value savings on debt service payments of \$575,173. The difference between the reacquisition price and the carrying amount of the debt resulted in a loss of \$302,873 which has been recorded in the Proprietary Funds financial statements.

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
2015	8,770	3,546	2,770	849	1,280	925
2016	8,185	2,961	2,770	813	1,280	874
2017	7,540	2,678	2,770	773	1,280	822
2018	7,505	2,411	2,770	730	1,280	771
2019	7,075	2,141	2,770	683	1,280	720
2020-2024	28,105	7,269	13,830	2,568	6,400	2,755
2025-2029	15,750	3,045	11,500	894	6,400	1,358
2030-2034	8,080	739	1,540	60	2,560	171
	<u>91,010</u>	<u>24,790</u>	<u>40,720</u>	<u>7,370</u>	<u>21,760</u>	<u>8,396</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, 2014, net pledged revenues for the water enterprise fund were \$37,752,000 and debt service on the revenue bonds was \$12,348,000. The same pledge for repayment applies to the City's Storm Water Utility revenue of \$7,935,000 for the bonds issued in fiscal year 2014. The following is a summary of long-term liability transactions of the City for the year ended September 30, 2014 (amounts expressed in thousands):

	<u>10/1/2013</u>	<u>Increases</u>	<u>Reductions</u>	<u>9/30/2014</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation debt	\$ 255,930	\$ 14,485	\$ (25,440)	\$ 244,975	\$26,040
Special tax revenue debt	226,940	-	(20,635)	206,305	8,070
Certificates of obligation	56,110	28,965	(4,735)	80,340	5,985
Premium on general bonds	5,659	2,900	(1,337)	7,222	-
Premium on special bonds	4,364	-	(293)	4,071	-
Discount on special bonds	<u>(2,837)</u>	<u>-</u>	<u>288</u>	<u>(2,549)</u>	<u>-</u>
Net governmental bonds payable	546,166	46,350	(52,152)	540,364	40,095
Compensated absences	24,343	4,435	(1,265)	27,513	1,374
Claims	8,422	3,814	(3,757)	8,479	4,499
Landfill Closure	8,526	-	(1,318)	7,208	-
Net other post-employ benefit oblg.	30,229	3,404	-	33,633	-
Net pension oblg	<u>17,624</u>	<u>-</u>	<u>(88)</u>	<u>17,536</u>	<u>-</u>
Total governmental long-term liabilities	<u>\$ 635,310</u>	<u>\$ 58,003</u>	<u>\$ (58,580)</u>	<u>\$ 634,733</u>	<u>\$45,968</u>
Business-type activities:					
Water and sewer bonds	\$ 123,545	\$ 26,940	\$ (18,755)	\$ 131,730	\$10,932
Premium on water and sewer bonds	1,447	480	(351)	1,576	-
Storm water utility bonds	23,040	-	(1,280)	21,760	1,280
Premium on storm water utility bond	<u>940</u>	<u>-</u>	<u>(98)</u>	<u>842</u>	<u>-</u>
Net water and sewer bonds payable	148,972	27,420	(20,484)	155,908	12,212
Compensated Absences	<u>1,934</u>	<u>227</u>	<u>(160)</u>	<u>2,001</u>	<u>139</u>
Total business-type long term liabilities	<u>\$ 150,906</u>	<u>\$ 27,647</u>	<u>\$ (20,644)</u>	<u>\$ 157,909</u>	<u>\$12,351</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, 2014, previously defeased debt still outstanding amounted to \$8,050,000.

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

Bonds	Original Maturity Date	Interest Rate	Amount Refunded
Water & Wastewater System Revenue Bonds, Series 2005	6/1/2016	4.000	\$895
	6/1/2017	4.000	895
	6/1/2018	4.000	895
	6/1/2019	4.125	895
	6/1/2020	4.200	895
	6/1/2021	4.250	895
	6/1/2022	4.250	895
	6/1/2023	4.375	895
	6/1/2024	4.500	890
			<u>\$8,050</u>
	Total Refunded Obligations		<u>\$8,050</u>

**10. INTERFUND TRANSACTIONS**

A summary of interfund receivables and payables at September 30, 2014, is as follows (amounts in thousands):

Fund	Interfund Receivables	Interfund Payables
General Fund	\$4,967	\$ -
Nonmajor Funds	-	4,967
	<u>\$4,967</u>	<u>\$4,967</u>

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2015. Transfers between funds during the year were as follows (amounts in thousands):

	Transfers Out	Transfers In
Major Governmental Funds:		
General Fund	\$ 12,122	\$ 19,873
Debt Service Fund	-	4,058
Total Major Governmental Funds	12,122	23,931
Major Enterprise Fund-Water and Sewer	14,354	-
Major Enterprise Fund-Storm Water Utility	1,001	-
Other Funds:		
Nonmajor Governmental Funds	12,395	15,642
Internal Service Funds	2,233	2,532
Total All Funds	<u>\$42,105</u>	<u>\$42,105</u>

The Water and Sewer, Storm Water Utility, and Convention and Event Services transferred \$4,343,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred \$10,543,000 to Street Maintenance Fund, Special Transportation (Handitran), Parks Performance Fund, Arlington Property Finance Authority to cover budgeted operating expenses.

The Enterprise Funds transferred \$10,902,000 to cover their budgeted operating costs.

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

The Debt Service Fund received transfers of \$1,433,000 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 2014 the City received a permit for vertical expansion and to open an additional 80 acres, which increased the capacity and the life of the landfill. The \$7,208,000 reported as a landfill closure and post-closure accrued liability at September 30, 2014, represents the cumulative amount reported to date based on the use of approximately 33 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$4,436,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2014. The City expects to close the landfill in 2065. 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 \$4,801,000 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, 2014, investments 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, 2014. 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	\$ 40,678	\$ 30,226
Park Construction	19,200	2,400
Traffic Construction	6,755	542
Storm Water Utility Construction	21,575	4,613
Water and Sewer Construction	103,594	16,110
	<u>\$ 191,802</u>	<u>\$ 53,891</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, 2014, 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. In June 2014, the court ruled to award the officer \$164,471 in back pay, but the City has appealed the ruling. Liability with regard to the officer's back wages is probable. To the extent owed, back pay continues to accrue and a \$191,000 accrual has been recorded at September 30, 2014.

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 2014 and 2013 were as follows (amounts in thousands):

	<b>Workers Compensation</b>		<b>Health</b>		<b>APFA</b>		<b>Other</b>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Unpaid claims, Oct 1	\$ 4,792	\$ 4,307	\$ 1,481	\$ 1,540	\$ 1,917	\$ 1,796	\$ -	\$ -
Incurred Claims (including IBNRs and changes in estimates)	411	2,586	24,452	21,143	1,666	1,549	190	232
Claim payments	(1,250)	(2,101)	(23,798)	(21,202)	(1,382)	(1,428)	-	-
Unpaid claims, Sept 30	<u>\$ 3,953</u>	<u>\$ 4,792</u>	<u>\$ 2,135</u>	<u>\$ 1,481</u>	<u>\$ 2,201</u>	<u>\$ 1,917</u>	<u>\$ 190</u>	<u>\$ 232</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 2014 were approximately \$282,816.

## **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>
2014	\$ 1,000,000
2015	1,000,000
2016	1,000,000
2017	1,000,000
2018	1,000,000
2019 to 2023	5,000,000
2024	<u>1,000,000</u>
	11,000,000
Less Discount	<u>2,707,000</u>
	<u>\$8,293,000</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:

<u>September 30</u>	
2015	\$ 2,000,000
2016	2,000,000
2017	2,000,000
2018	2,000,000
2019	2,000,000
2020-2024	<u>9,055,556</u>
	19,055,556
Less Discount	<u>5,711,853</u>
Minimum future lease rentals	<u>\$13,343,703</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, 2014, 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	\$114,595	\$4,210	\$1,416	\$ 120,221
Capital assets	<u>-</u>	<u>306</u>	<u>164</u>	<u>470</u>
Total assets	<u>114,595</u>	<u>4,516</u>	<u>1,580</u>	<u>120,691</u>
Other liabilities	<u>458</u>	<u>920</u>	<u>554</u>	<u>1,932</u>
Total liabilities	<u>458</u>	<u>920</u>	<u>554</u>	<u>1,932</u>
Net position:				
Net investment in capital assets	-	306	164	470
Restricted	114,137	173	-	114,310
Unrestricted	<u>-</u>	<u>3,117</u>	<u>861</u>	<u>3,978</u>
Total net position	<u>\$114,137</u>	<u>\$3,596</u>	<u>\$1,025</u>	<u>\$118,758</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>\$1,800</u>	<u>\$28,258</u>	<u>\$8,857</u>	<u>\$38,915</u>
Program Revenues:				
Charges for services	-	-	5,067	5,067
Operating grants and contributions		26,029	4	26,033
Capital grants and Contributions	<u>-</u>	<u>-</u>	<u>3,785</u>	<u>3,785</u>
Net Program (Expense) Revenue	<u>(1,800)</u>	<u>(2,229)</u>	<u>(1)</u>	<u>(4,030)</u>
Interest Revenues	2,970	3	1	2,974
Other NonTax General Revenues	<u>10,512</u>	<u>1,332</u>	<u>-</u>	<u>11,844</u>
Change in Net position	11,682	(894)	89	10,788
Net position, October 1,	<u>102,455</u>	<u>4,490</u>	<u>1,025</u>	<u>107,970</u>
Net position, September 30	<u>\$114,137</u>	<u>\$ 3,596</u>	<u>\$ 1,025</u>	<u>\$118,758</u>



**CITY OF ARLINGTON, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND (BUDGETARY BASIS)  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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	\$ 134,107	\$ 134,107	\$ 131,794	\$ -	\$ 131,794	\$ (2,313)
Licenses and permits	5,310	5,310	7,589	-	7,589	2,279
Utility franchise fees	35,516	35,516	26,970	6,819	33,789	(1,727)
Fines and forfeitures	16,217	16,217	15,191	-	15,191	(1,026)
Leases, rents and concessions	5,878	5,878	7,390	-	7,390	1,512
Service charges	20,920	20,920	5,345	13,867	19,212	(1,708)
Interest revenue	295	295	1,842	(1,643)	199	(96)
Other revenue	1,193	1,193	1,588	-	1,588	395
Net increase (decrease) in the fair value of investments	-	-	47	(47)	-	-
<b>Total Revenues</b>	<u>219,436</u>	<u>219,436</u>	<u>197,756</u>	<u>18,996</u>	<u>216,752</u>	<u>(2,684)</u>
<b>EXPENDITURES</b>						
Current-						
General government	42,143	42,143	38,210	12	38,222	3,921
Public safety	140,896	140,896	133,262	9,179	142,441	(1,545)
Public works	20,238	20,238	18,552	2,245	20,797	(559)
Public health	2,006	2,006	2,039	24	2,063	(57)
Parks and recreation	14,185	14,185	13,993	340	14,333	(148)
<b>Total Expenditures</b>	<u>219,468</u>	<u>219,468</u>	<u>206,056</u>	<u>11,800</u>	<u>217,856</u>	<u>1,612</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(32)</u>	<u>(32)</u>	<u>(8,300)</u>	<u>7,196</u>	<u>(1,104)</u>	<u>(1,072)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	10,213	10,213	19,873	(11,046)	8,827	(1,386)
Transfers out	(10,252)	(10,252)	(12,122)	2,365	(9,757)	495
<b>Total Other Financing Sources (Uses)</b>	<u>(39)</u>	<u>(39)</u>	<u>7,751</u>	<u>(8,681)</u>	<u>(930)</u>	<u>(891)</u>
<b>Net Change In Fund Balances</b>	<u>(71)</u>	<u>(71)</u>	<u>(549)</u>	<u>(1,485)</u>	<u>(2,034)</u>	<u>(1,963)</u>
<b>Fund Balances, October 1</b>	<u>56,740</u>	<u>56,740</u>	<u>56,740</u>	<u>-</u>	<u>56,740</u>	<u>-</u>
<b>Fund Balances, September 30</b>	<u>\$ 56,669</u>	<u>\$ 56,669</u>	<u>\$ 56,191</u>	<u>\$ (1,485)</u>	<u>\$ 54,706</u>	<u>\$ (1,963)</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>
12/31/13	\$842,194	\$1,003,238	\$161,044	83.9%	\$150,941	106.7%
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%

**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>
7/1/14	2,669	2,234	434	119.4%	2,849	15.2%
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%

An actuarial valuation was not performed as of 7/1/2005.

The following table discloses nine-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>
9/30/14	17,000	100.00%	-
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%	-

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

Fiscal year ending June 30,	<u>2014</u>
<b>Total pension liability</b>	
Service cost	\$ 110,970
Interest on total pension liability	115,570
Difference between expected and actual experience	957
Benefit payments and refunds	<u>(78,517)</u>
<b>Net change in total pension liability</b>	148,980
Total pension liability-beginning	<u>2,085,050</u>
<b>Total pension liability-ending</b>	<u><u>\$ 2,234,030</u></u>
 <b>Plan fiduciary net position</b>	
Contribution-employer	\$ 21,324
Contribution-member	99,684
Net investment income	220,495
Benefit payments and refunds	(78,517)
Administrative expense	<u>(46,485)</u>
<b>Net change in plan fiduciary net position</b>	216,501
Plan fiduciary net position-beginning	<u>2,452,024</u>
<b>Plan fiduciary net position-ending</b>	<u><u>\$ 2,668,525</u></u>
 Net pension asset	 (434,495)
 Plan fiduciary net position as a percentage of total pension liability	  119.4%
 Covered employee payroll	 \$ 2,849,197
 Net pension asset as a percentage of covered employee payroll	  15.2%

**CITY OF ARLINGTON, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
PART-TIME, SEASONAL AND TEMPORARY EMPLOYEES DEFERRED INCOME PLAN  
SCHEDULE OF THE CITY'S CONTRIBUTIONS**

Fiscal year ending June 30,	<u><b>2014</b></u>
Actuarially determined contribution	\$ 21,324
Actual contribution	<u>21,324</u>
Contribution deficiency (excess)	<u>\$ -</u>
 Covered employee payroll	 \$ 2,791,558
 Contribution as a percentage of covered employee payroll	  0.8%

**Notes to Schedule**

Valuation date:

The actuarially determined contribution rate documented in the schedule is calculated as of July 1, 2014. The actuarial methods and assumptions used to determine the contribution rates reported in that schedule include:

Actuarial cost method	Aggregate cost method
Amortization method	Level percent of payroll, open
Asset valuation method	Market value
Investment rate of return	5.50%
Projected salary increases	3.50%
Inflation rate	3.00%
Cost of living increases	none
Mortality	RP-2000 Mortality Table projected to 2003 with scale AA

**SCHEDULE OF INVESTMENT RETURNS**

	<u><b>2014</b></u>
Annual money-weighted rate of return, net of investment expense	8.29%

**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 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>
7/1/14	\$1,432	\$1,692	84.6%	260	*Not applicable	*Not applicable
7/1/13	1,344	1,708	78.7%	364	*Not applicable	*Not applicable
7/1/12	1,197	1,774	67.4%	577	*Not applicable	*Not applicable
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%

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

\*In September of 2012, the City amended the Disability Income Plan to close the plan to any future disabled employees. There is no longer any liability attributable to the City's active employees.

**CITY OF ARLINGTON, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)  
SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT HEALTHCARE PLAN  
LAST SEVEN 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>
7/1/14	-	103.5	-	103.5	132.2	78.3%
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, Building Rehabilitation, 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, 2014  
 (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-like investments	\$ -	\$ 15,138	\$ 7,565	\$ 164	\$ -
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	2,336	-	-	-
Other	-	1	-	-	133
Inventory, at cost	-	-	-	-	-
Due from other governments	1,713	-	-	58	648
Prepaid expenditures	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,713</b>	<b>\$ 17,475</b>	<b>\$ 7,565</b>	<b>\$ 222</b>	<b>\$ 781</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 145	\$ 1,999	\$ -	\$ 17	\$ 126
Retainage payable	-	164	-	-	58
Due to other funds	1,521	-	-	-	414
<b>Total Liabilities</b>	<b>1,666</b>	<b>2,163</b>	<b>-</b>	<b>17</b>	<b>598</b>
<b>Deferred Inflows of Resources:</b>					
Gas lease	-	-	-	-	-
Other	-	-	-	-	183
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183</b>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	-	-	-	-	-
Prepays	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	205	-
Special revenue	47	15,312	7,565	-	-
Committed to:					
Capital projects	-	-	-	-	-
Special revenue	-	-	-	-	-
Assigned to:					
Park Performance	-	-	-	-	-
<b>Total Fund Balance</b>	<b>47</b>	<b>15,312</b>	<b>7,565</b>	<b>205</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 1,713</b>	<b>\$ 17,475</b>	<b>\$ 7,565</b>	<b>\$ 222</b>	<b>\$ 781</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	
\$ -	\$ -	\$ 15,595	\$ -	\$ 1,468	\$ 3,275	\$ 9,526	\$ 365	\$ 1,768	
-	-	-	-	-	1,899	-	-	-	
-	-	216	-	42	79	762	-	-	
-	-	-	-	249	-	-	-	-	
145	2,567	-	92	-	-	549	-	-	
-	-	-	-	-	-	11,166	-	-	
<u>\$ 145</u>	<u>\$ 2,567</u>	<u>\$ 15,811</u>	<u>\$ 92</u>	<u>\$ 1,759</u>	<u>\$ 5,253</u>	<u>\$ 22,003</u>	<u>\$ 365</u>	<u>\$ 1,768</u>	
\$ 27	\$ 57	\$ 371	\$ 46	\$ 514	\$ 367	\$ 301	\$ -	\$ 46	
-	6	-	-	-	4	22	-	27	
113	2,448	-	46	-	-	425	-	-	
<u>140</u>	<u>2,511</u>	<u>371</u>	<u>92</u>	<u>514</u>	<u>371</u>	<u>748</u>	<u>-</u>	<u>73</u>	
-	-	17	-	-	-	-	-	-	
5	-	-	-	173	311	455	-	-	
<u>5</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>173</u>	<u>311</u>	<u>455</u>	<u>-</u>	<u>-</u>	
-	-	-	-	249	-	-	-	-	
-	-	-	-	-	-	11,166	-	-	
-	-	-	-	-	-	-	-	-	
-	56	-	-	-	-	5,373	-	-	
-	-	-	-	-	-	2,784	365	1,695	
-	-	15,423	-	-	4,571	1,477	-	-	
-	-	-	-	823	-	-	-	-	
<u>-</u>	<u>56</u>	<u>15,423</u>	<u>-</u>	<u>1,072</u>	<u>4,571</u>	<u>20,800</u>	<u>365</u>	<u>1,695</u>	
<u>\$ 145</u>	<u>\$ 2,567</u>	<u>\$ 15,811</u>	<u>\$ 92</u>	<u>\$ 1,759</u>	<u>\$ 5,253</u>	<u>\$ 22,003</u>	<u>\$ 365</u>	<u>\$ 1,768</u>	

(continued)

CITY OF ARLINGTON, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2014  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash and cash-like investments	\$ 21,785	\$ 3,489	\$ 2,340	\$ 35,062	\$ 117,540
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	1,899
Sales tax	-	-	-	-	2,336
Other	-	-	-	-	1,233
Inventory, at cost	-	-	-	-	249
Due from other governments	-	-	-	-	5,772
Prepaid expenditures	-	-	-	-	11,166
<b>Total Assets</b>	<u>\$ 21,785</u>	<u>\$ 3,489</u>	<u>\$ 2,340</u>	<u>\$ 35,062</u>	<u>\$ 140,195</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 743	\$ -	\$ 146	\$ 71	\$ 4,976
Retainage payable	161	-	-	13	455
Due to other funds	-	-	-	-	4,967
<b>Total Liabilities</b>	<u>904</u>	<u>-</u>	<u>146</u>	<u>84</u>	<u>10,398</u>
<b>Deferred Inflows of Resources:</b>					
Gas lease	-	-	-	-	17
Other	-	-	-	-	1,127
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,144</u>
<b>Fund Balances:</b>					
Nonspendable:					
Inventory	-	-	-	-	249
Prepays	-	-	-	-	11,166
Restricted for:					
Capital projects	-	3,489	-	34,978	38,672
Special revenue	-	-	2,194	-	30,547
Committed:					
Capital projects	20,881	-	-	-	25,725
Special revenue	-	-	-	-	21,471
Assigned:					
Park performance	-	-	-	-	823
<b>Total Fund Balance</b>	<u>20,881</u>	<u>3,489</u>	<u>2,194</u>	<u>34,978</u>	<u>128,653</u>
<b>Total Liabilities, Deferred Inflows of     Resources and Fund Balance</b>	<u>\$ 21,785</u>	<u>\$ 3,489</u>	<u>\$ 2,340</u>	<u>\$ 35,062</u>	<u>\$ 140,195</u>



**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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	\$ -	\$ 13,353	\$ 1,879	\$ -	\$ -
Service charges	213	-	-	-	-
Intergovernmental	1,392	-	-	197	3,222
Interest revenue	-	61	26	-	-
Net increase (decrease) in the fair value of investments	-	11	5	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	47	54	-	-	35
<b>Total Revenues</b>	<u>1,652</u>	<u>13,479</u>	<u>1,910</u>	<u>197</u>	<u>3,257</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	1,679	-	-
Public safety	-	-	-	342	-
Public works	-	25,814	-	99	-
Public health	-	-	-	-	-
Public welfare	2,944	-	-	-	3,264
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>2,944</u>	<u>25,814</u>	<u>1,679</u>	<u>441</u>	<u>3,264</u>
Net change in fund balances	<u>(1,292)</u>	<u>(12,335)</u>	<u>231</u>	<u>(244)</u>	<u>(7)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	-	-	-
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of Certificates of Obligation	-	-	-	-	-
Bond Premium	-	-	-	-	-
Transfers in	1,299	7,193	-	397	7
Transfers out	-	(87)	-	(151)	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,299</u>	<u>7,106</u>	<u>-</u>	<u>246</u>	<u>7</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	7	(5,229)	231	2	-
<b>Fund Balance, October 1</b>	40	20,541	7,334	203	-
<b>Fund Balance, September 30</b>	<u>\$ 47</u>	<u>\$ 15,312</u>	<u>\$ 7,565</u>	<u>\$ 205</u>	<u>\$ -</u>

Special Revenue							Capital Projects	
Home Investment Partnership	FEMA	Gas Lease	US Dept of Justice	Park Performance	Convention and Event Services	Other Special Revenue	Municipal Office Facilities	Airport
\$ -	\$ -	\$ 35	\$ -	\$ -	\$ 7,315	\$ 3,920		\$ -
-	-	-	-	9,354	2,739	1,225	-	-
872	6,967	-	365	-	-	2,459	-	-
-	-	42	-	7	12	20	2	6
-	-	9	-	-	2	1	-	1
-	-	-	-	-	-	-	-	165
-	-	8,342	-	-	-	-	-	-
-	-	9	-	-	-	-	-	-
51	4	-	-	14	1	2,083	-	-
923	6,971	8,437	365	9,375	10,069	9,708	2	172
-	-	-	-	-	-	1,845	407	-
-	7,254	-	366	-	-	1,277	-	-
-	-	-	-	-	-	1,522	-	-
-	-	-	-	-	-	582	-	-
924	-	3,587	-	-	-	839	-	-
-	-	-	-	11,362	-	273	-	-
-	-	-	-	-	7,366	-	-	-
-	-	-	-	-	-	1,584	-	147
924	7,254	3,587	366	11,362	7,366	7,922	407	147
(1)	(283)	4,850	(1)	(1,987)	2,703	1,786	(405)	25
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,557	-	-
-	-	-	-	-	-	643	-	-
1	283	-	1	1,539	-	299	230	243
-	-	(6,205)	-	(1,043)	(2,005)	(2,017)	-	(73)
1	283	(6,205)	1	496	(2,005)	9,482	230	170
-	-	(1,355)	-	(1,491)	698	11,268	(175)	195
-	56	16,778	-	2,563	3,873	9,532	540	1,500
\$ -	\$ 56	\$ 15,423	\$ -	\$ 1,072	\$ 4,571	\$ 20,800	\$ 365	\$ 1,695

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 26,502
Service charges	829	-	-	-	14,360
Intergovernmental	-	-	-	-	15,474
Interest revenue	85	14	8	67	350
Net increase (decrease) in the fair value of investments	16	3	2	16	66
Contributions	330	-	-	-	495
Gas lease royalty	-	-	-	-	8,342
Gas lease other	-	-	-	-	9
Other	107	-	7	191	2,594
<b>Total Revenues</b>	<u>1,367</u>	<u>17</u>	<u>17</u>	<u>274</u>	<u>68,192</u>
<b>EXPENDITURES</b>					
Current:					
General government	-	-	-	904	4,835
Public safety	-	-	-	55	9,294
Public works	-	(22)	-	-	27,413
Public health	-	-	-	-	582
Public welfare	-	-	-	-	11,558
Parks and recreation	-	-	-	-	11,635
Convention and event services	-	-	-	-	7,366
Capital outlay	5,892	-	942	330	8,895
<b>Total Expenditures</b>	<u>5,892</u>	<u>(22)</u>	<u>942</u>	<u>1,289</u>	<u>81,578</u>
Net change in fund balances	<u>(4,525)</u>	<u>39</u>	<u>(925)</u>	<u>(1,015)</u>	<u>(13,386)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	1,463	-	661	321	2,445
Proceeds from refunding bond issue	-	-	-	-	-
Issuance of Certificates of Obligation	-	-	-	18,408	28,965
Bond Premium	87	-	39	1,141	1,910
Transfers in	1,890	-	151	2,109	15,642
Transfers out	(586)	(228)	-	-	(12,395)
<b>Total Other Financing Sources (Uses)</b>	<u>2,854</u>	<u>(228)</u>	<u>851</u>	<u>21,979</u>	<u>36,567</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	(1,671)	(189)	(74)	20,964	23,181
<b>Fund Balance, October 1</b>	<u>22,552</u>	<u>3,678</u>	<u>2,268</u>	<u>14,014</u>	<u>\$ 105,472</u>
<b>Fund Balance, September 30</b>	<u>\$ 20,881</u>	<u>\$ 3,489</u>	<u>\$ 2,194</u>	<u>\$ 34,978</u>	<u>\$ 128,653</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (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	\$ 37,406	\$ 37,406	\$ 66,105	\$ (29,434)	\$ 36,671	\$ (735)
Interest revenue	82	82	836	(756)	80	(2)
Net increase (decrease) in fair value of investments	-	-	(635)	635	-	-
Leases, rents and concessions	-	-	2,500	(2,500)	-	-
Other revenue	-	-	84	(84)	-	-
<b>Total Revenues</b>	<u>37,488</u>	<u>37,488</u>	<u>68,890</u>	<u>(32,139)</u>	<u>36,751</u>	<u>(737)</u>
<b>EXPENDITURES</b>						
Debt Service-						
Principal retirement	30,175	30,175	50,810	(20,635)	30,175	-
Redemption premium	-	-	168	(168)	-	-
Interest and fiscal charges	12,425	12,425	23,689	(11,385)	12,304	121
<b>Total Expenditures</b>	<u>42,600</u>	<u>42,600</u>	<u>74,667</u>	<u>(32,188)</u>	<u>42,479</u>	<u>121</u>
<b>Deficiency of Revenues Under Expenditures</b>	<u>(5,112)</u>	<u>(5,112)</u>	<u>(5,777)</u>	<u>49</u>	<u>(5,728)</u>	<u>(616)</u>
<b>OTHER FINANCING SOURCES</b>						
Bond premium	-	-	275	(275)	-	-
Transfers in	4,175	4,175	4,058	84	4,142	(33)
<b>Total Other Financing Sources</b>	<u>4,175</u>	<u>4,175</u>	<u>4,333</u>	<u>(191)</u>	<u>4,142</u>	<u>(33)</u>
<b>Net Change In Fund Balances</b>	<u>(937)</u>	<u>(937)</u>	<u>(1,444)</u>	<u>(142)</u>	<u>(1,586)</u>	<u>(649)</u>
<b>Fund Balances - Beginning</b>	<u>35,828</u>	<u>35,828</u>	<u>35,828</u>	<u>-</u>	<u>35,828</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 34,891</u>	<u>\$ 34,891</u>	<u>\$ 34,384</u>	<u>\$ (142)</u>	<u>\$ 34,242</u>	<u>\$ (649)</u>

**CITY OF ARLINGTON, TEXAS  
BUDGETARY COMPARISON SCHEDULE  
STREET MAINTENANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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	\$ 13,447	\$ 13,447	\$ 13,353	\$ -	\$ 13,353	\$ (94)
Interest revenue	63	63	61	-	61	(2)
Net increase (decrease) in the fair value of investments	-	-	11	(11)	-	-
Other revenue	-	-	54	-	54	54
<b>Total Revenues</b>	<u>13,510</u>	<u>13,510</u>	<u>13,479</u>	<u>(11)</u>	<u>13,468</u>	<u>(42)</u>
<b>EXPENDITURES</b>						
Current-						
Public works	24,532	24,532	25,814	(1,768)	24,046	486
<b>Total Expenditures</b>	<u>24,532</u>	<u>24,532</u>	<u>25,814</u>	<u>(1,768)</u>	<u>24,046</u>	<u>486</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(11,022)</u>	<u>(11,022)</u>	<u>(12,335)</u>	<u>1,757</u>	<u>(10,578)</u>	<u>444</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers in	7,205	7,205	7,193	-	7,193	(12)
Transfers out	-	-	(87)	-	(87)	(87)
<b>Total Other Financing Sources</b>	<u>7,205</u>	<u>7,205</u>	<u>7,106</u>	<u>-</u>	<u>7,106</u>	<u>(99)</u>
<b>Net Change In Fund Balances</b>	<u>(3,817)</u>	<u>(3,817)</u>	<u>(5,229)</u>	<u>1,757</u>	<u>(3,472)</u>	<u>345</u>
<b>Fund Balances - Beginning</b>	<u>20,541</u>	<u>20,541</u>	<u>20,541</u>	<u>-</u>	<u>20,541</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 16,724</u>	<u>\$ 16,724</u>	<u>\$ 15,312</u>	<u>\$ 1,757</u>	<u>\$ 17,069</u>	<u>\$ 345</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 PARK PERFORMANCE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (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	\$ 9,799	\$ 9,799	\$ 9,368	\$ -	\$ 9,368	\$ (431)
Interest revenue	-	-	7	-	7	7
<b>Total Revenues</b>	<u>9,799</u>	<u>9,799</u>	<u>9,375</u>	<u>-</u>	<u>9,375</u>	<u>(424)</u>
<b>EXPENDITURES</b>						
Current-						
Parks and recreation	11,432	11,432	11,362	(517)	10,845	587
<b>Total Expenditures</b>	<u>11,432</u>	<u>11,432</u>	<u>11,362</u>	<u>(517)</u>	<u>10,845</u>	<u>587</u>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<u>(1,633)</u>	<u>(1,633)</u>	<u>(1,987)</u>	<u>517</u>	<u>(1,470)</u>	<u>163</u>
<b>OTHER FINANCING USES</b>						
Transfers in	1,539	1,539	1,539	-	1,539	-
Transfers out	(257)	(257)	(1,043)	-	(1,043)	(786)
<b>Total Other Financing Uses</b>	<u>1,282</u>	<u>1,282</u>	<u>496</u>	<u>-</u>	<u>496</u>	<u>(786)</u>
<b>Net Change In Fund Balances</b>	<u>(351)</u>	<u>(351)</u>	<u>(1,491)</u>	<u>517</u>	<u>(974)</u>	<u>(623)</u>
<b>Fund Balances - Beginning</b>	<u>2,563</u>	<u>2,563</u>	<u>2,563</u>	<u>-</u>	<u>2,563</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 2,212</u>	<u>\$ 2,212</u>	<u>\$ 1,072</u>	<u>\$ 517</u>	<u>\$ 1,589</u>	<u>\$ (623)</u>

**CITY OF ARLINGTON, TEXAS  
 BUDGETARY COMPARISON SCHEDULE  
 CONVENTION AND EVENT SERVICES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (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	\$ 6,750	\$ 6,750	\$ 7,315	\$ -	\$ 7,315	\$ 565
Service charges	2,551	2,551	2,739	-	2,739	188
Interest revenue	9	9	12	-	12	3
Net increase (decrease) in the fair value of investments	-	-	2	(2)	-	-
Other	-	-	1	-	1	1
<b>Total Revenues</b>	<u>9,310</u>	<u>9,310</u>	<u>10,069</u>	<u>(2)</u>	<u>10,067</u>	<u>757</u>
<b>EXPENDITURES</b>						
Current-						
Convention & event services	8,221	8,221	7,366	569	7,935	286
<b>Total Expenditures</b>	<u>8,221</u>	<u>8,221</u>	<u>7,366</u>	<u>569</u>	<u>7,935</u>	<u>286</u>
<b>Excess Of Revenues Over Expenditures</b>	<u>1,089</u>	<u>1,089</u>	<u>2,703</u>	<u>(571)</u>	<u>2,132</u>	<u>1,043</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(1,960)	(1,960)	(2,005)	(84)	(2,089)	(129)
<b>Total Other Financing Sources (Uses)</b>	<u>(1,960)</u>	<u>(1,960)</u>	<u>(2,005)</u>	<u>(84)</u>	<u>(2,089)</u>	<u>(129)</u>
<b>Net Change In Fund Balances</b>	<u>(871)</u>	<u>(871)</u>	<u>698</u>	<u>(655)</u>	<u>43</u>	<u>914</u>
<b>Fund Balances - Beginning</b>	<u>3,873</u>	<u>3,873</u>	<u>3,873</u>	<u>-</u>	<u>3,873</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 3,002</u>	<u>\$ 3,002</u>	<u>\$ 4,571</u>	<u>\$ (655)</u>	<u>\$ 3,916</u>	<u>\$ 914</u>

**CITY OF ARLINGTON, TEXAS  
BUDGET COMPARISON SCHEDULE  
WATER AND SEWER FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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	\$ 63,482	\$ 63,482	\$ 59,327	\$ 397	\$ 59,724	\$ (3,758)
Sewer service	53,255	53,255	52,096	272	52,368	(887)
Sundry	4,247	4,247	4,722	4	4,726	479
Total Operating Revenues	<u>120,984</u>	<u>120,984</u>	<u>116,145</u>	<u>673</u>	<u>116,818</u>	<u>(4,166)</u>
<b>EXPENDITURES</b>						
Purchases of water	\$ 21,064	\$ 21,064	\$ 21,191	\$ -	\$ 21,191	\$ (127)
Purchase of sewage treatment	28,404	28,404	28,151	-	28,151	253
Salaries and wages	13,283	13,283	12,827	(25)	12,802	481
Employees' retirement	1,813	1,813	1,861	-	1,861	(48)
Supplies	3,465	3,465	3,476	(203)	3,273	192
Maintenance and repairs	3,830	3,830	4,235	162	4,397	(567)
Utilities	3,389	3,389	2,806	-	2,806	583
Franchise fees	7,069	7,069	-	6,727	6,727	342
Payment in lieu of taxes	3,776	3,776	-	3,776	3,776	-
Depreciation	-	-	15,178	(15,166)	12	(12)
Miscellaneous services	4,802	4,802	4,125	688	4,813	(11)
Total Operating Expenses	<u>90,895</u>	<u>90,895</u>	<u>93,850</u>	<u>(4,041)</u>	<u>89,809</u>	<u>1,086</u>
Operating Income	<u>30,089</u>	<u>30,089</u>	<u>22,295</u>	<u>4,714</u>	<u>27,009</u>	<u>(3,080)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	250	250	281	64	345	95
Net increase (decrease) in the fair value of investments	-	-	48	(48)	-	-
Interest expense and fiscal charges	(14,660)	(14,660)	(1,643)	(12,096)	(13,739)	921
Total Nonoperating Revenues (Expenses)	<u>(14,410)</u>	<u>(14,410)</u>	<u>(1,314)</u>	<u>(12,080)</u>	<u>(13,394)</u>	<u>1,016</u>
Income (loss) before operating transfers and contributions	<u>15,679</u>	<u>15,679</u>	<u>20,981</u>	<u>(7,366)</u>	<u>13,615</u>	<u>(2,064)</u>
Contributions in aid of construction	-	-	3,136	(3,136)	-	-
Transfers out	(15,862)	(15,862)	(14,354)	(194)	(14,548)	1,314
Change in net position	(183)	(183)	9,763	(10,696)	(933)	(750)
Total net position-beginning	<u>577,227</u>	<u>577,227</u>	<u>577,227</u>	<u>-</u>	<u>577,227</u>	<u>-</u>
Total net position-ending	<u>\$ 577,044</u>	<u>\$ 577,044</u>	<u>\$ 586,990</u>	<u>\$ (10,696)</u>	<u>\$ 576,294</u>	<u>\$ (750)</u>

**CITY OF ARLINGTON, TEXAS  
BUDGET COMPARISON SCHEDULE  
STORM WATER UTILITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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	\$ 4,700	\$ 4,700	\$ 4,953	\$ (30)	\$ 4,923	\$ 223
Storm water fee- residential	5,700	5,700	5,821	(41)	5,780	80
Total Operating Revenues	<u>10,400</u>	<u>10,400</u>	<u>10,774</u>	<u>(71)</u>	<u>10,703</u>	<u>303</u>
<b>EXPENDITURES</b>						
Salaries and wages	\$ 1,740	\$ 1,740	\$ 1,595	\$ (41)	\$ 1,554	\$ 186
Employees' retirement	260	260	234	-	234	26
Supplies	67	67	70	-	70	(3)
Maintenance and repairs	334	334	344	29	373	(39)
Utilities	7	7	15	-	15	(8)
Depreciation	-	-	1,868	(1,868)	-	-
Miscellaneous services	959	959	650	166	816	143
Total Operating Expenses	<u>3,367</u>	<u>3,367</u>	<u>4,776</u>	<u>(1,714)</u>	<u>3,062</u>	<u>305</u>
Operating Income	<u>7,033</u>	<u>7,033</u>	<u>5,998</u>	<u>1,643</u>	<u>7,641</u>	<u>608</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Interest revenue	42	42	69	5	74	32
Net increase (decrease) in the fair value of investments	-	-	11	(11)	-	-
Interest expense and fiscal charges	<u>(2,230)</u>	<u>(2,230)</u>	<u>(196)</u>	<u>(1,950)</u>	<u>(2,146)</u>	<u>(84)</u>
Total Nonoperating Revenues (Expenses)	<u>(2,188)</u>	<u>(2,188)</u>	<u>(116)</u>	<u>(1,956)</u>	<u>(2,072)</u>	<u>(52)</u>
Income (loss) before operating transfers and contributions	<u>4,845</u>	<u>4,845</u>	<u>5,882</u>	<u>(313)</u>	<u>5,569</u>	<u>724</u>
Transfers out	<u>(4,994)</u>	<u>(4,994)</u>	<u>(1,001)</u>	<u>(4,000)</u>	<u>(5,001)</u>	<u>(7)</u>
Change in net position	<u>(149)</u>	<u>(149)</u>	<u>4,881</u>	<u>(4,313)</u>	<u>568</u>	<u>717</u>
Total net position-beginning	<u>80,971</u>	<u>80,971</u>	<u>80,971</u>	<u>-</u>	<u>80,971</u>	<u>-</u>
Total net position-ending	<u>\$ 80,822</u>	<u>\$ 80,822</u>	<u>\$ 85,852</u>	<u>\$ (4,313)</u>	<u>\$ 81,539</u>	<u>\$ 717</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, 2014  
 (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-like investments	\$ 216	\$ 2,140	\$ 2,371
Receivables (net of allowances for uncollectibles)			
Trade accounts	48	3	-
Other	-	-	18
Prepaid expenses	43	-	-
Inventory of supplies, at cost	52	1	-
<b>Total Current Assets</b>	<u>359</u>	<u>2,144</u>	<u>2,389</u>
<b>Noncurrent Assets:</b>			
<b>Capital Assets:</b>			
Buildings and improvements	-	467	-
Machinery and equipment	-	42,165	-
Less accumulated depreciation	-	(29,007)	-
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<u>-</u>	<u>13,625</u>	<u>-</u>
<b>Total Assets</b>	<u>359</u>	<u>15,769</u>	<u>2,389</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	118	368	-
Estimated claims payable	-	-	949
<b>Total Current Liabilities</b>	<u>118</u>	<u>368</u>	<u>949</u>
<b>Noncurrent Liabilities:</b>			
Estimated claims payable	-	-	1,252
Accrued compensated absences	22	16	-
<b>Total Noncurrent Liabilities</b>	<u>22</u>	<u>16</u>	<u>1,252</u>
<b>Total Liabilities</b>	<u>140</u>	<u>384</u>	<u>2,201</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	13,625	-
Unrestricted	219	1,760	188
<b>Total Net Position</b>	<u>\$ 219</u>	<u>\$ 15,385</u>	<u>\$ 188</u>

<u>Workers'</u> <u>Compensation</u>	<u>Group</u> <u>Health</u>	<u>Total</u>
\$ 5,328	\$ 5,100	\$ 15,155
-	-	51
-	-	18
-	-	43
-	-	53
<u>5,328</u>	<u>5,100</u>	<u>15,320</u>
-	-	467
-	-	42,165
-	-	(29,007)
-	-	13,625
<u>5,328</u>	<u>5,100</u>	<u>28,945</u>
-	45	531
<u>1,225</u>	<u>2,135</u>	<u>4,309</u>
<u>1,225</u>	<u>2,180</u>	<u>4,840</u>
2,728	-	3,980
-	-	38
<u>2,728</u>	<u>-</u>	<u>4,018</u>
<u>3,953</u>	<u>2,180</u>	<u>8,858</u>
-	-	13,625
<u>1,375</u>	<u>2,920</u>	<u>6,462</u>
<u>\$ 1,375</u>	<u>\$ 2,920</u>	<u>\$ 20,087</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, 2014  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
<b>OPERATING REVENUES:</b>			
Service charges	\$ 2,926	\$ 6,716	\$ 14
<b>Total Operating Revenues</b>	<u>2,926</u>	<u>6,716</u>	<u>14</u>
<b>OPERATING EXPENSES:</b>			
Salaries and wages	325	93	-
Employees' retirement	46	15	-
Supplies	1,151	2,654	-
Maintenance and repairs	5	153	-
Utilities	15	55	-
Claims (net of adjustments)	-	-	1,382
Legal and professional	-	-	-
Depreciation	-	3,584	-
Miscellaneous services	1,564	2,687	5
<b>Total Operating Expenses</b>	<u>3,106</u>	<u>9,241</u>	<u>1,387</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(180)</u>	<u>(2,525)</u>	<u>(1,373)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
Interest revenue	-	-	-
Net decrease in the fair value of investments	-	-	-
Gain (Loss) on sale of assets	-	252	-
<b>Total Non-operating Revenues (Expenses)</b>	<u>-</u>	<u>252</u>	<u>-</u>
<b>Income (Loss) Before Transfers</b>	(180)	(2,273)	(1,373)
Transfers In	-	1,956	576
Transfers Out	(233)	-	-
<b>Change In Net Position</b>	<u>(413)</u>	<u>(317)</u>	<u>(797)</u>
<b>Total Net Position, October 1</b>	632	15,702	985
<b>Total Net Position, September 30</b>	<u>\$ 219</u>	<u>\$ 15,385</u>	<u>\$ 188</u>

<u>Workers'</u> <u>Compensation</u>	<u>Group</u> <u>Health</u>	<u>Total</u>
\$ 2,077	\$ 24,734	\$ 36,467
<u>2,077</u>	<u>24,734</u>	<u>36,467</u>
-	-	418
-	-	61
-	-	3,805
-	-	158
-	-	70
1,250	23,798	26,430
133	663	796
-	-	3,584
-	-	4,256
<u>1,383</u>	<u>24,461</u>	<u>39,578</u>
<u>694</u>	<u>273</u>	<u>(3,111)</u>
18	15	33
4	4	8
-	-	252
<u>22</u>	<u>19</u>	<u>293</u>
716	292	(2,818)
-	-	2,532
(2,000)	-	(2,233)
<u>(1,284)</u>	<u>292</u>	<u>(2,519)</u>
2,659	2,628	22,606
<u>\$ 1,375</u>	<u>\$ 2,920</u>	<u>\$ 20,087</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 2,878	\$ 6,718	\$ (4)
Cash payments to suppliers	(2,758)	(5,384)	(1,103)
Cash payments to employees	(354)	(104)	-
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>(234)</u>	<u>1,230</u>	<u>(1,107)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	1,956	576
Transfers out	(233)	-	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<u>(233)</u>	<u>1,956</u>	<u>576</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	-	(3,558)	-
Proceeds from sales of capital assets	-	291	-
<b>Net Cash Used For Capital and Related Financing Activities</b>	<u>-</u>	<u>(3,267)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from interest earnings	-	-	-
Net decrease in the fair value of investments	-	-	-
<b>Net Cash Provided By Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(467)	(81)	(531)
<b>Cash and cash-like investments at October 1</b>	683	2,221	2,902
<b>Cash and cash-like investments at September 30</b>	<u>\$ 216</u>	<u>\$ 2,140</u>	<u>\$ 2,371</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</b>			
<b>Operating Income (Loss)</b>	<u>\$ (180)</u>	<u>\$ (2,525)</u>	<u>\$ (1,373)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	-	3,584	-
(Increase) decrease in-			
Inventory of supplies	14	-	-
Accounts receivable	(48)	2	(18)
Prepaid expenses	(18)	-	-
Increase (decrease) in-			
Accounts payable and accrued liabilities	(18)	165	-
Estimated claims payable	-	-	284
Accrued compensated absences	16	4	-
Total adjustments	<u>(54)</u>	<u>3,755</u>	<u>266</u>
<b>Net Cash Provided By (Used For) Operating Activities</b>	<u>\$ (234)</u>	<u>\$ 1,230</u>	<u>\$ (1,107)</u>

<u>Workers'</u> <u>Compensation</u>	<u>Group</u> <u>Health</u>	<u>Totals</u>
\$ 2,077	\$ 24,734	\$ 36,403
(2,230)	(23,861)	(35,336)
-	-	(458)
<u>(153)</u>	<u>873</u>	<u>609</u>
-	-	2,532
<u>(2,000)</u>	<u>-</u>	<u>(2,233)</u>
<u>(2,000)</u>	<u>-</u>	<u>299</u>
-	-	(3,558)
<u>-</u>	<u>-</u>	<u>291</u>
<u>-</u>	<u>-</u>	<u>(3,267)</u>
18	15	33
<u>4</u>	<u>4</u>	<u>8</u>
<u>22</u>	<u>19</u>	<u>41</u>
(2,131)	892	(2,318)
<u>7,459</u>	<u>4,208</u>	<u>17,473</u>
<u>\$ 5,328</u>	<u>\$ 5,100</u>	<u>\$ 15,155</u>
<u>\$ 694</u>	<u>\$ 273</u>	<u>\$ (3,111)</u>
-	-	3,584
-	-	14
-	-	(64)
-	-	(18)
(8)	(54)	85
(839)	654	99
<u>-</u>	<u>-</u>	<u>20</u>
<u>(847)</u>	<u>600</u>	<u>3,720</u>
<u>\$ (153)</u>	<u>\$ 873</u>	<u>\$ 609</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.

**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, 2014  
(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>				
Cash and cash-like investments	\$ -	\$ 119	\$ -	\$ 119
Investments:				
Investment Retired City Mgr 401(k) plan	-	107	-	107
Money market fund	74	38,324	12	38,410
Corporate bonds	1,103	-	554	1,657
Fixed income mutual funds	1,012	12,132	544	13,688
Common stock mutual funds	457	76,223	289	76,969
Balanced mutual funds	-	25,271	-	25,271
Participant borrowing	-	4,858	-	4,858
Self-directed brokerage accounts	-	3,809	-	3,809
Total investments	<u>2,646</u>	<u>160,724</u>	<u>1,399</u>	<u>164,769</u>
<b>Total Assets</b>	<u><u>\$ 2,646</u></u>	<u><u>\$ 160,843</u></u>	<u><u>\$ 1,399</u></u>	<u><u>\$ 164,888</u></u>
<b>LIABILITIES</b>				
Accounts payable	-	12	-	12
Retired City mgr 401(k) plan payable	-	107	-	107
<b>Total Liabilities</b>	<u>-</u>	<u>119</u>	<u>-</u>	<u>119</u>
<b>NET POSITION</b>				
Held in trust for pension benefits	-	160,617	1,399	162,016
Assigned pension trust	2,646	107	-	2,753
<b>Total Net Position</b>	<u><u>\$ 2,646</u></u>	<u><u>\$ 160,724</u></u>	<u><u>\$ 1,399</u></u>	<u><u>\$ 164,769</u></u>

**CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES  
 FIDUCIARY FUNDS  
 SEPTEMBER 30, 2014  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

	<u>Payroll</u>	<u>Escrow Fund</u>	<u>Escheat Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash-like investments	\$ 4,334	\$ 3,063	\$ 76	\$ 7,473
<b>Total Assets</b>	<u>\$ 4,334</u>	<u>\$ 3,063</u>	<u>\$ 76</u>	<u>\$ 7,473</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 4,334	\$ 3,063	\$ 76	\$ 7,473
<b>Total Liabilities</b>	<u>\$ 4,334</u>	<u>\$ 3,063</u>	<u>\$ 76</u>	<u>\$ 7,473</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds			Total
	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	
<b>ADDITIONS</b>				
Employer contributions	\$ 25	\$ 2,580	\$ 112	\$ 2,717
Employee contributions	102	6,120	-	6,222
Net appreciation in fair value of investments	151	16,452	-	16,603
Other additions	-	150	83	233
<b>Total Additions</b>	<u>278</u>	<u>25,302</u>	<u>195</u>	<u>25,775</u>
<b>DEDUCTIONS</b>				
Benefits	88	10,660	155	10,903
Plan administration	50	96	21	167
Other deductions	-	43	-	43
<b>Total Deductions</b>	<u>138</u>	<u>10,799</u>	<u>176</u>	<u>11,113</u>
<b>Increase in Net Position</b>	140	14,503	19	14,662
<b>Net Position, October 1</b>	2,506	146,221	1,380	150,107
<b>Net Position, September 30</b>	<u>\$ 2,646</u>	<u>\$ 160,724</u>	<u>\$ 1,399</u>	<u>\$ 164,769</u>

CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (AMOUNTS EXPRESSED IN THOUSANDS)

	Balance October 1, 2013	Additions	Deductions	Balance September 30, 2014
<b>PAYROLL FUND</b>				
Assets				
Cash and cash-like investments	\$ 4,226	\$ 301,877	\$ 301,769	\$ 4,334
Investments	111	-	111	-
Total assets	<u>\$ 4,337</u>	<u>\$ 301,877</u>	<u>\$ 301,880</u>	<u>\$ 4,334</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 4,226	\$ 301,877	\$ 301,769	\$ 4,334
Accounts payable and accrued liabilities - IRC 401 defined contribution	111	-	111	-
Total liabilities	<u>\$ 4,337</u>	<u>\$ 301,877</u>	<u>\$ 301,880</u>	<u>\$ 4,334</u>
<b>ESCROW FUND</b>				
Assets				
Cash and cash-like investments	\$ 3,454	\$ 7,510	\$ 7,901	\$ 3,063
Total assets	<u>\$ 3,454</u>	<u>\$ 7,510</u>	<u>\$ 7,901</u>	<u>\$ 3,063</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 3,454	\$ 7,510	\$ 7,901	\$ 3,063
Total liabilities	<u>\$ 3,454</u>	<u>\$ 7,510</u>	<u>\$ 7,901</u>	<u>\$ 3,063</u>
<b>ESCHEAT FUND</b>				
Assets				
Cash and cash-like investments	\$ 165	\$ 57	\$ 146	\$ 76
Total assets	<u>\$ 165</u>	<u>\$ 57</u>	<u>\$ 146</u>	<u>\$ 76</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 165	\$ 57	\$ 146	\$ 76
Total liabilities	<u>\$ 165</u>	<u>\$ 57</u>	<u>\$ 146</u>	<u>\$ 76</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and cash-like investments	\$ 7,845	\$ 309,444	\$ 309,816	\$ 7,473
Investments	111	-	111	-
Total assets	<u>\$ 7,956</u>	<u>\$ 309,444</u>	<u>\$ 309,927</u>	<u>\$ 7,473</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 7,845	\$ 309,444	\$ 309,816	\$ 7,473
Accounts payable and accrued liabilities - 401K defined contribution	111	-	111	-
Total Liabilities	<u>\$ 7,956</u>	<u>\$ 309,444</u>	<u>\$ 309,927</u>	<u>\$ 7,473</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, 2014  
(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-like investments	\$ 2,514	\$ 530	\$ 14,444
Investments	1,460	-	99,868
Receivables (net of allowances for uncollectibles):			
Accrued interest	-	-	67
Other	229	353	216
Prepaid expenses	7	14	-
<b>Total Current Assets</b>	<u>4,210</u>	<u>897</u>	<u>114,595</u>
<b>Non-Current Assets:</b>			
Capital Assets-			
Buildings and improvements	563	-	-
Machinery and equipment	369	810	-
Accumulated depreciation	(626)	(646)	-
<b>Total Non-Current Assets</b>	<u>306</u>	<u>164</u>	<u>-</u>
<b>Total Assets</b>	<u>4,516</u>	<u>1,061</u>	<u>114,595</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>920</u>	<u>554</u>	<u>401</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	<u>-</u>	<u>-</u>	<u>57</u>
<b>NET POSITION</b>			
Net investment in capital assets	306	164	-
Restricted for endowments	-	-	114,137
Restricted for Housing Assistance	173	-	-
Unrestricted	<u>3,117</u>	<u>343</u>	<u>-</u>
<b>Total Net Position</b>	<u>\$ 3,596</u>	<u>\$ 507</u>	<u>\$ 114,137</u>

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF NET POSITION  
DISCRETELY PRESENTED COMPONENT UNITS  
AS OF SEPTEMBER 30, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Arlington Housing Finance Corporation	Arlington Industrial Development Corporation	Arlington Convention Center Development Corporation	Total
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash-like investments	\$ 389	\$ 3	\$ 126	\$ 18,006
Investments	-	-	-	101,328
Receivables (net of allowances for uncollectibles):				
Accrued interest	-	-	-	67
Other	-	-	-	798
Prepaid expenses	-	-	-	21
<b>Total Current Assets</b>	<u>389</u>	<u>3</u>	<u>126</u>	<u>120,220</u>
<b>Non-Current Assets:</b>				
Capital Assets-				
Buildings and improvements	-	-	-	563
Machinery and equipment	-	-	-	1,179
Accumulated depreciation	-	-	-	(1,272)
<b>Total Non-Current Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>470</u>
<b>Total Assets</b>	<u>389</u>	<u>3</u>	<u>126</u>	<u>120,690</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	-	-	-	1,875
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unearned revenue	-	-	-	57
<b>NET POSITION</b>				
Net investment in capital assets	-	-	-	470
Restricted for endowments	-	-	-	114,137
Restricted for Housing Assistance	-	-	-	173
Unrestricted	389	3	126	3,978
<b>Total Net Position</b>	<u>\$ 389</u>	<u>\$ 3</u>	<u>\$ 126</u>	<u>\$ 118,758</u>

**CITY OF ARLINGTON, TEXAS  
 COMBINING STATEMENT OF ACTIVITIES  
 DISCRETELY PRESENTED COMPONENT UNITS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014  
 (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	28,258	-	26,029	-
Arlington Convention and Visitors Bureau	4,983	5,067	-	-
Arlington Tomorrow Foundation	1,800	-	-	-
Arlington Housing Finance Corporation	-	-	4	-
Arlington Industrial Development Corporation	-	-	-	-
Arlington Convention Center Development Corp	3,874	-	-	3,785
<b>Total Component Units</b>	<u>\$ 38,915</u>	<u>\$ 5,067</u>	<u>\$ 26,033</u>	<u>\$ 3,785</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>
(2,229)	-	-	-	-	-	(2,229)
-	84	-	-	-	-	84
-	-	(1,800)	-	-	-	(1,800)
-	-	-	4	-	-	4
-	-	-	-	-	-	-
-	-	-	-	-	(89)	(89)
<u>\$ (2,229)</u>	<u>\$ 84</u>	<u>\$ (1,800)</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (89)</u>	<u>\$ (4,030)</u>
\$ 3	\$ -	\$ 2,970	\$ 1	\$ -	\$ -	\$ 2,974
1,332	-	7,691	-	-	-	9,023
-	-	2,821	-	-	-	2,821
1,335	-	13,482	1	-	-	14,818
(894)	84	11,682	5	-	(89)	10,788
4,490	423	102,455	384	3	215	107,970
<u>\$ 3,596</u>	<u>\$ 507</u>	<u>\$ 114,137</u>	<u>\$ 389</u>	<u>\$ 3</u>	<u>\$ 126</u>	<u>\$ 118,758</u>

**CITY OF ARLINGTON, TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
COMPONENT UNITS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014  
(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	\$ -	\$ 4
Cash received from gas leases	7,653	-
Cash payments to suppliers	203	-
Cash payments to employees	(188)	-
Cash payments to grantees	(1,475)	-
Cash payments for housing assistance	-	-
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>6,193</b>	<b>4</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	-	-
Transfers out	-	-
<b>Net Cash Provided By (Used For) Noncapital Financing Activities</b>	<b>-</b>	<b>-</b>
<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>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from interest earnings	2,977	1
Net increase (decrease) in the fair value of investments	-	-
Purchase of investments	(10,456)	-
Maturities/sales of investments	-	-
Realized gain of investments	-	-
<b>Net Cash Provided By (Used For) Investing Activities</b>	<b>(7,479)</b>	<b>1</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,286)</b>	<b>5</b>
<b>Cash and cash-like investments at October 1</b>	<b>15,730</b>	<b>384</b>
<b>Cash and cash-like investments at September 30</b>	<b>\$ 14,444</b>	<b>\$ 389</b>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>		
<b>Operating Income</b>	<b>\$ 5,891</b>	<b>\$ 4</b>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Decrease (increase) in- Receivables	(38)	-
Increase (decrease) in- Accounts payable and accrued liabilities	342	-
Accrued compensated absences	(2)	-
Deferred revenue	-	-
Total adjustments	302	-
<b>Net Cash Provided By (Used For) Operating Activities</b>	<b>\$ 6,193</b>	<b>\$ 4</b>

Arlington Industrial Development Corporation	Arlington Convention Center Development Corporation	Totals
\$ -	\$ -	\$ 4
-	-	7,653
-	(3,874)	(3,671)
-	-	(188)
-	-	(1,475)
-	-	-
<u>-</u>	<u>(3,874)</u>	<u>2,323</u>
-	-	-
-	-	-
-	-	-
-	3,785	3,785
-	-	-
<u>-</u>	<u>3,785</u>	<u>3,785</u>
-	-	2,978
-	-	-
-	-	(10,456)
-	-	-
<u>-</u>	<u>-</u>	<u>(7,478)</u>
-	(89)	(1,370)
3	215	-
<u>\$ 3</u>	<u>\$ 126</u>	<u>\$ (1,370)</u>
<u>\$ -</u>	<u>\$ (3,874)</u>	<u>\$ 2,021</u>
-	-	-
-	-	(38)
-	-	342
-	-	(2)
-	-	-
<u>-</u>	<u>-</u>	<u>302</u>
<u>\$ -</u>	<u>\$ (3,874)</u>	<u>\$ 2,323</u>



**CITY OF ARLINGTON, TEXAS  
 CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES  
 AS OF SEPTEMBER 30, 2014  
 (AMOUNTS EXPRESSED IN THOUSANDS)**

**GOVERNMENTAL FUNDS CAPITAL ASSETS:**

Land	\$ 221,319
Buildings	1,106,923
Improvements other than buildings	184,561
Machinery and equipment	51,493
Construction-in-progress	80,814
Infrastructure	<u>843,136</u>
<b>Total Governmental Funds Capital Assets</b>	<b><u><u>\$ 2,488,246</u></u></b>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:**

General fund	\$ 1,564,296
Capital Project Fund	<u>923,950</u>
<b>Total Governmental Funds Capital Assets</b>	<b><u><u>\$ 2,488,246</u></u></b>

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

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

**CITY OF ARLINGTON, TEXAS  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
AS OF SEPTEMBER 30, 2014  
(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	19,102	(208)	11,222	-	8,088
Municipal court	1,409	-	-	-	1,409
Police	37,604	654	21,490	-	15,460
Parks and recreation	205,339	76,138	22,776	103,442	2,983
Communication services	88	-	-	-	88
Airport	46,320	5,655	21,672	18,993	-
<b>Total Operations</b>	<u>309,862</u>	<u>82,239</u>	<u>77,160</u>	<u>122,435</u>	<u>28,028</u>
<b>Development:</b>					
Community development	1,497	-	289	6	1,202
Engineering services	137	-	-	-	137
Transportation	13,981	11,370	-	356	2,255
<b>Total Development</b>	<u>15,615</u>	<u>11,370</u>	<u>289</u>	<u>362</u>	<u>3,594</u>
<b>Total Capital Assets</b>					
<b>Allocated to Functions</b>	<u>1,564,296</u>	<u>\$ 221,319</u>	<u>\$ 1,106,923</u>	<u>\$ 184,561</u>	<u>\$ 51,493</u>
<b>Infrastructure</b>	<u>843,136</u>				
<b>Construction in Progress</b>	<u>80,814</u>				
<b>Total Governmental Funds Capital Assets</b>	<u>\$ 2,488,246</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, 2014  
(AMOUNTS EXPRESSED IN THOUSANDS)**

<u>Function and Activity</u>	<u>Governmental Funds</u>			<u>Governmental Funds</u>
	<u>Capital Assets</u>			<u>Capital Assets</u>
	<u>October 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>September 30, 2014</u>
<b>Administration:</b>				
Technology services	\$ 14,279	\$ -	\$ -	\$ 14,279
Tax	6	-	-	6
City administration	1,224,156	-	-	1,224,156
Convention center	378	-	-	378
<b>Total Administration</b>	<u>1,238,819</u>	<u>-</u>	<u>-</u>	<u>1,238,819</u>
<b>Operations:</b>				
Fire	18,831	289	(18)	19,102
Municipal court	1,409	-	-	1,409
Police	35,828	1,836	(60)	37,604
Parks and recreation	187,678	17,913	(252)	205,339
Communication services	88	-	-	88
Airport	46,320	-	-	46,320
<b>Total Operations</b>	<u>290,154</u>	<u>20,038</u>	<u>(330)</u>	<u>309,862</u>
<b>Development:</b>				
Community development	1,497	-	-	1,497
Engineering services	137	-	-	137
Transportation	14,863	-	(882)	13,981
<b>Total Development</b>	<u>16,497</u>	<u>-</u>	<u>(882)</u>	<u>15,615</u>
<b>Infrastructure</b>	<u>818,245</u>	<u>24,891</u>	<u>-</u>	<u>843,136</u>
<b>Construction in Progress</b>	<u>95,666</u>	<u>32,328</u>	<u>(47,180)</u>	<u>80,814</u>
Total Governmental Funds Capital Assets	<u>\$ 2,459,381</u>	<u>\$ 77,257</u>	<u>\$ (48,392)</u>	<u>\$ 2,488,246</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					
	2005	2006	2007	2008	2009	2010
Governmental activities						
Net investment in capital assets	\$ 408,969	\$ 510,287	\$ 646,693	\$ 778,516	\$ 1,134,428	\$ 1,136,342
Restricted (Debt Srvcs/Impact Fee/Endowments)	25,738	25,794	39,767	55,581	54,486	64,789
Unrestricted	49,571	67,341	89,238	65,896	49,301	101,397
Total governmental activities net position	<u>\$ 484,278</u>	<u>\$ 603,422</u>	<u>\$ 775,698</u>	<u>\$ 899,993</u>	<u>\$ 1,238,215</u>	<u>\$ 1,302,528</u>
Business-type activities						
Net investment in capital assets	\$ 380,515	\$ 409,452	\$ 428,961	\$ 453,210	\$ 525,131	\$ 541,227
Restricted	10,041	9,273	9,097	9,753	10,310	10,140
Unrestricted	20,061	21,519	17,049	14,846	23,764	33,270
Total business-type activities net position	<u>\$ 410,617</u>	<u>\$ 440,244</u>	<u>\$ 455,107</u>	<u>\$ 477,809</u>	<u>\$ 559,205</u>	<u>\$ 584,637</u>
Primary government						
Net investment in capital assets	\$ 789,484	\$ 919,739	\$ 1,075,654	\$ 1,231,726	\$ 1,659,559	\$ 1,677,569
Restricted (Debt Srvcs/Impact Fee)	35,779	35,067	48,864	65,334	64,796	74,929
Unrestricted	69,632	88,860	106,287	80,742	73,065	134,667
Total primary government net position	<u>\$ 894,895</u>	<u>\$ 1,043,666</u>	<u>\$ 1,230,805</u>	<u>\$ 1,377,802</u>	<u>\$ 1,797,420</u>	<u>\$ 1,887,165</u>

Source: City of Arlington Financial and Management Resources

Table 1

Fiscal Year			
2011	2012	2013	2014
\$ 1,165,492	\$ 1,164,831	\$ 1,183,621	\$ 1,106,840
42,998	46,032	45,169	41,902
81,671	81,604	65,489	125,077
<u>\$ 1,290,161</u>	<u>\$ 1,292,467</u>	<u>\$ 1,294,279</u>	<u>\$ 1,273,819</u>
\$ 543,702	\$ 573,042	\$ 597,114	\$ 618,187
\$ 19,706	18,655	14,299	16,169
\$ 52,554	45,459	44,633	36,007
<u>\$ 615,962</u>	<u>\$ 637,156</u>	<u>\$ 656,046</u>	<u>\$ 670,363</u>
\$ 1,709,194	\$ 1,737,873	\$ 1,780,735	\$ 1,725,027
62,704	64,687	59,468	58,071
134,225	127,063	110,122	161,084
<u>\$ 1,906,123</u>	<u>\$ 1,929,623</u>	<u>\$ 1,950,325</u>	<u>\$ 1,944,182</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 26,906	\$ 31,812	\$ 34,120	\$ 43,788
Public safety	97,645	102,363	113,343	123,587
Public works	64,369	66,019	73,161	84,115
Public health	2,416	1,697	1,735	1,920
Parks and recreation	23,262	27,761	26,826	28,027
Public welfare	6,383	9,408	11,136	39,282
Convention and event services	5,435	5,094	5,628	6,533
Interest on long term debt	13,898	24,923	24,581	26,624
Total governmental activities expenses	\$ 240,314	\$ 269,077	\$ 290,530	\$ 353,876
Business-type activities:				
Water and sewer	65,220	74,516	72,945	71,929
Landfill	4,310	-	-	-
Total business-type activities expenses	\$ 69,530	\$ 74,516	\$ 72,945	\$ 71,929
Total primary government expenses	\$ 309,844	\$ 343,593	\$ 363,475	\$ 425,805
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 15,449	\$ 21,668	\$ 17,264	\$ 10,528
Public safety	6,851	8,206	8,052	13,998
Public works	3,001	3,025	3,052	5,898
Public health	65	71	78	2,692
Parks and recreation	8,243	8,558	8,456	9,529
Public welfare	-	-	-	-
Convention and event services	2,496	2,656	2,418	2,587
Operating grants and contributions	8,144	13,846	14,102	20,787
Capital grants and contributions	4,849	77,683	121,720	145,029
Total governmental activities program revenues	\$ 49,098	\$ 135,713	\$ 175,142	\$ 211,048
Business-type activities:				
Charges for services:				
Water and sewer	\$ 92,144	\$ 102,745	\$ 88,786	\$ 102,324
Storm water utility	-	-	-	-
Landfill	4,484	-	-	-
Capital grants and contributions	3,676	5,529	3,600	2,622
Other	-	-	-	-
Total business-type activities program revenues	\$ 100,304	\$ 108,274	\$ 92,386	\$ 104,946
Total primary government program revenues	\$ 149,402	\$ 243,987	\$ 267,528	\$ 315,994
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (191,216)	\$ (133,364)	\$ (115,388)	\$ (142,828)
Business-type activities	30,774	33,758	19,441	33,017
Total Primary government net expense	\$ (160,442)	\$ (99,606)	\$ (95,947)	\$ (109,811)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 101,235	\$ 104,425	\$ 108,301	\$ 112,477
Sales taxes	60,476	76,483	79,781	81,385
Other taxes	7,286	8,319	9,249	10,447
Gas Lease	-	5,020	25,471	2,091
Franchise fees	28,928	31,140	29,145	25,994
Investment earnings	5,642	19,513	21,849	12,814
Net increase (decrease) in fair value	(1,244)	(293)	2,109	182
Other	4,900	1,469	5,239	9,271
Special Item	4,330	-	-	-
Transfers	40,563	6,432	6,520	12,462
Total governmental activities	\$ 252,116	\$ 252,508	\$ 287,664	\$ 267,123
Business-type activities:				
Investment earnings	\$ 1,255	\$ 2,175	\$ 1,685	\$ 2,196
Gain on sale/retirement of capital assets	(77)	126	257	(49)
Miscellaneous	21	-	-	-
Transfers	(40,563)	(6,432)	(6,520)	(12,462)
Total Business-type activities	\$ (39,364)	\$ (4,131)	\$ (4,578)	\$ (10,315)
Total primary government	\$ 212,752	\$ 248,377	\$ 283,086	\$ 256,808
<b>Change in Net Position</b>				
Governmental activities	\$ 60,900	\$ 119,144	\$ 172,276	\$ 124,295
Business-type activities	(8,590)	29,627	14,863	22,702
Total primary government	\$ 52,310	\$ 148,771	\$ 187,139	\$ 146,997

Source: City of Arlington Financial and Management Resources

Table 2

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 40,403	\$ 70,517	\$ 74,285	\$ 66,080	\$ 65,321	\$ 74,183	
128,219	134,767	135,371	137,561	139,309	146,899	
94,171	67,135	71,828	71,957	68,633	63,566	
2,406	3,003	3,892	4,320	2,489	2,740	
28,228	28,020	28,663	32,515	30,599	34,075	
10,213	12,251	11,897	9,475	11,453	11,558	
6,299	6,321	6,194	6,821	6,711	7,366	
42,485	29,444	29,890	24,898	25,017	28,703	
<u>\$ 352,424</u>	<u>\$ 351,458</u>	<u>\$ 362,020</u>	<u>\$ 353,627</u>	<u>\$ 349,532</u>	<u>\$ 369,090</u>	
77,130	75,602	84,270	86,235	89,437	95,820	
3,678	4,017	4,861	4,777	5,051	4,972	
<u>\$ 80,808</u>	<u>\$ 79,619</u>	<u>\$ 89,131</u>	<u>\$ 91,012</u>	<u>\$ 94,488</u>	<u>\$ 100,792</u>	
<u>\$ 433,232</u>	<u>\$ 431,077</u>	<u>\$ 451,151</u>	<u>\$ 444,639</u>	<u>\$ 444,020</u>	<u>\$ 469,882</u>	
\$ 19,017	\$ 21,938	\$ 21,810	\$ 23,670	\$ 21,023	\$ 23,650	
16,440	17,429	21,131	19,498	19,344	19,337	
1,116	1,322	1,153	1,160	1,416	1,412	
2,707	2,980	2,775	2,730	3,488	3,447	
9,835	8,879	9,999	10,861	10,977	10,187	
179	204	215	222	224	224	
2,535	2,788	2,975	2,799	2,594	2,739	
24,578	23,127	23,455	26,270	19,483	9,953	
411,788	72,515	2,625	6,132	4,481	4,910	
<u>\$ 488,195</u>	<u>\$ 151,182</u>	<u>\$ 86,138</u>	<u>\$ 93,342</u>	<u>\$ 83,030</u>	<u>\$ 75,859</u>	
\$ 108,224	\$ 107,800	\$ 123,442	\$ 114,719	\$ 114,234	\$ 116,145	
6,920	8,702	10,492	10,536	10,815	10,774	
-	-	-	-	-	-	
2,018	1,388	1,120	1,253	3,663	3,136	
<u>\$ 117,162</u>	<u>\$ 117,890</u>	<u>\$ 135,054</u>	<u>\$ 126,508</u>	<u>\$ 128,712</u>	<u>\$ 130,055</u>	
<u>\$ 605,357</u>	<u>\$ 269,072</u>	<u>\$ 221,192</u>	<u>\$ 219,850</u>	<u>\$ 211,742</u>	<u>\$ 205,914</u>	
\$ 135,771	\$ (200,276)	\$ (275,882)	\$ (260,285)	\$ (266,502)	\$ (293,231)	
36,354	38,271	45,923	35,496	34,224	29,263	
<u>\$ 172,125</u>	<u>\$ (162,005)</u>	<u>\$ (229,959)</u>	<u>\$ (224,789)</u>	<u>\$ (232,278)</u>	<u>\$ (263,968)</u>	
\$ 117,285	\$ 115,684	\$ 109,807	\$ 110,131	\$ 111,877	\$ 113,432	
80,193	81,517	85,345	88,957	94,071	93,127	
10,978	12,793	13,558	13,347	14,884	17,192	
-	-	-	-	-	-	
25,038	25,769	27,260	25,600	25,550	26,970	
5,629	4,577	5,156	3,975	3,081	3,356	
1,837	1,709	(1,255)	(179)	(962)	(469)	
4,769	8,847	8,296	5,990	4,257	3,808	
-	-	-	-	-	-	
(43,278)	13,693	15,348	14,770	15,556	15,355	
<u>\$ 202,451</u>	<u>\$ 264,589</u>	<u>\$ 263,515</u>	<u>\$ 262,591</u>	<u>\$ 268,314</u>	<u>\$ 272,771</u>	
\$ 1,581	\$ 895	\$ 855	\$ 569	\$ 353	\$ 348	
183	(41)	(105)	(101)	(131)	59	
54,556	-	-	-	-	2	
(11,278)	(13,693)	(15,348)	(14,770)	(15,556)	(15,355)	
<u>\$ 45,042</u>	<u>\$ (12,839)</u>	<u>\$ (14,598)</u>	<u>\$ (14,302)</u>	<u>\$ (15,334)</u>	<u>\$ (14,946)</u>	
<u>\$ 247,493</u>	<u>\$ 251,750</u>	<u>\$ 248,917</u>	<u>\$ 248,289</u>	<u>\$ 252,980</u>	<u>\$ 257,825</u>	
\$ 338,222	\$ 64,313	\$ (12,367)	\$ 2,306	\$ 1,812	\$ (20,460)	
81,396	25,432	31,325	21,194	18,890	14,317	
<u>\$ 419,618</u>	<u>\$ 89,745</u>	<u>\$ 18,958</u>	<u>\$ 23,500</u>	<u>\$ 20,702</u>	<u>\$ (6,143)</u>	

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General fund					
Nonspendable:					
Inventory	254	240	574	600	583
Prepays	46	5	35	2	252
Committed to:					
Utility rate case	500	500	500	500	500
Capital projects	-	-	-	-	-
Assigned to:					
Encumbrances	3,230	4,463	6,351	6,074	3,780
Working capital	14,373	15,964	16,232	16,512	16,219
Subsequent years' expenditure	5,174	5,747	5,843	5,944	5,839
Compensated absences	1,125	1,280	1,261	1,556	1,464
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	21,487
Dispatch	-	-	-	-	137
Information Technology	-	-	-	-	-
Telecommunications	274	-	-	-	-
Business continuity	-	-	-	-	-
Arbitrage	12	33	184	288	193
Infrastructure	-	-	1,000	1,000	-
Gas lease proceeds	-	5,020	-	-	-
Group Health	-	-	-	-	2,446
Other purposes	-	-	-	-	-
Unassigned	5,464	10,571	5,618	508	3,663
Total general fund	<u>\$ 52,057</u>	<u>\$ 66,114</u>	<u>\$ 60,346</u>	<u>\$ 56,189</u>	<u>\$ 58,281</u>
All Other Governmental Funds					
Nonspendable:					
Inventory	-	-	197	217	206
Prepays	185	179	1	-	-
Restricted for:					
Capital projects	318,632	280,316	156,064	53,952	22,255
Special Revenue	20,602	20,819	34,444	50,507	49,075
Committed to:					
Capital projects	1,709	3,899	3,568	6,382	5,763
Special Revenue	21,577	36,592	25,665	48,911	33,953
Assigned to:					
Capital projects	2,808	4,749	6,868	8,185	10,617
Special Revenue	3,348	1,639	33,844	9,200	2,926
Undesignated	(602)	(2,686)	(4,362)	(1,217)	(3,811)
Total all other governmental funds	<u>\$ 368,259</u>	<u>\$ 345,507</u>	<u>\$ 256,289</u>	<u>\$ 176,137</u>	<u>\$ 120,984</u>

Source: City of Arlington Financial and Management Resources

Table 3

Fiscal Year				
2010	2011	2012	2013	2014
1,163	1,228	1,252	1,172	1,206
-	16	16	20	23
500	500	500	500	500
-	1,122	-	-	-
4,316	5,613	7,766	5,235	4,449
16,218	16,054	16,745	17,076	17,537
5,839	5,944	6,378	6,147	6,313
1,312	1,252	1,252	1,263	1,372
1,718	1,718	1,718	1,718	1,718
21,487	21,487	21,487	17,206	17,151
422	380	566	615	756
-	774	607	236	195
-	-	-	-	-
6,889	4,538	5,155	4,062	4,062
75	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,001	-	-	-	-
-	56	55	-	-
3,627	6,093	-	1,490	909
<u>\$ 66,567</u>	<u>\$ 66,775</u>	<u>\$ 63,497</u>	<u>\$ 56,740</u>	<u>\$ 56,191</u>
230	245	245	243	249
-	-	-	-	11,166
46,598	63,644	82,648	85,214	99,932
91,613	67,258	72,894	74,247	64,931
36,988	21,934	20,679	24,592	25,725
9,690	17,152	21,594	22,010	21,471
-	-	-	-	-
3,134	1,567	1,253	2,320	823
(1,351)	(2,260)	-	(7)	-
<u>\$ 186,902</u>	<u>\$ 169,540</u>	<u>\$ 199,313</u>	<u>\$ 208,619</u>	<u>\$ 224,297</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<b>REVENUES:</b>				
Taxes:	\$ 169,345	\$ 189,671	\$ 197,877	\$ 205,531
Licenses and permits	4,476	5,074	4,399	4,650
Franchise fees	28,928	31,140	29,145	25,994
Fines and forfeitures	6,259	7,675	7,528	10,515
Leases, rents, and concessions	5,207	13,307	7,081	7,363
Service charges	20,175	20,041	20,196	22,476
Investment income	4,020	18,559	20,665	11,591
Net increase (decrease) in fair value of investment	-	(314)	2,041	201
Contributions	1,664	77,683	121,720	145,029
Intergovernmental	9,216	13,309	15,586	20,619
Gas lease	-	-	-	2,091
Miscellaneous	4,292	2,894	29,487	4,915
Total Revenues	<u>\$ 253,582</u>	<u>\$ 379,039</u>	<u>\$ 455,725</u>	<u>\$ 460,975</u>
<b>EXPENDITURES:</b>				
General government	31,094	30,839	30,792	35,911
Public safety	99,656	103,772	112,704	119,585
Public works	36,971	36,127	37,516	45,968
Public health	1,435	1,684	1,695	1,826
Public welfare	6,543	9,483	11,166	39,253
Parks and recreation	21,755	21,261	23,625	24,452
Convention and event services	5,435	5,094	5,628	6,533
Operating expenditures	-	-	-	-
Capital outlay	57,271	144,473	278,858	337,661
Debt Service:				
Principal retirement	28,030	26,160	26,415	24,825
Redemption premium	-	-	-	-
Interest and fiscal charges	14,632	25,428	25,019	27,054
Bond issuance cost	-	-	-	-
Total expenditures	<u>\$ 302,822</u>	<u>\$ 404,321</u>	<u>\$ 553,418</u>	<u>\$ 663,068</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (49,240)</u>	<u>\$ (25,282)</u>	<u>\$ (97,693)</u>	<u>\$ (202,093)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bonds issued*	303,365	10,780	-	105,075
Capital lease	1,626	-	-	322
Proceeds from sale of capital assets	-	-	-	-
Refunding bonds issued	68,000	-	-	-
Bond premium	12,577	-	-	-
Payment of escrow for refunding	(72,240)	-	-	-
Gain on sale of land	-	-	-	2,105
Bond discount	-	-	-	-
Transfers in	51,301	26,263	19,366	30,833
Transfers out	(15,317)	(20,456)	(16,659)	(20,551)
Total other financing sources (uses)	<u>\$ 349,312</u>	<u>\$ 16,587</u>	<u>\$ 2,707</u>	<u>\$ 117,784</u>
NET CHANGE IN FUND BALANCES	<u>\$ 300,072</u>	<u>\$ (8,695)</u>	<u>\$ (94,986)</u>	<u>\$ (84,309)</u>
Capitalized Capital outlay	25,626	109,309	244,539	334,622
Debt service as a percentage of noncapital expenditures	15.4%	17.5%	16.7%	15.8%

Source: City of Arlington Financial and Management Resources

\* Note: Bond issued includes general obligation bonds and certificates of obligation and commercial paper

Investment income includes net increase (decrease) in fair value of investments

Table 4

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 208,756	\$ 210,767	\$ 209,077	\$ 212,991	\$ 221,338	\$ 224,401	
5,881	6,801	7,146	6,673	6,823	7,589	
25,038	25,769	27,260	25,600	25,550	26,970	
12,949	13,861	15,194	15,425	15,419	15,191	
9,687	11,117	8,791	8,968	8,932	9,890	
18,573	18,063	20,836	20,081	20,302	19,705	
5,453	4,025	5,004	3,797	3,269	3,252	
1,750	1,715	(1,201)	(139)	(935)	(477)	
411,788	44,839	2,243	6,132	4,481	4,910	
22,244	26,801	23,017	25,361	19,483	15,476	
4,430	5,971	8,276	9,314	7,668	8,351	
3,431	7,129	6,826	5,202	3,549	2,783	
<u>\$ 729,980</u>	<u>\$ 376,858</u>	<u>\$ 332,469</u>	<u>\$ 339,405</u>	<u>\$ 335,879</u>	<u>\$ 338,041</u>	
36,150	35,599	41,512	41,780	40,188	43,045	
124,424	126,934	128,519	134,166	132,829	142,556	
41,774	35,493	44,003	39,954	44,151	45,965	
2,287	2,770	3,737	4,163	2,349	2,621	
10,142	10,969	11,045	8,372	9,391	11,558	
24,340	23,666	23,975	24,322	26,738	25,628	
6,299	6,321	6,194	6,821	6,711	7,366	
-	-	-	-	-	-	
476,149	79,365	26,389	32,262	27,325	30,912	
30,180	30,975	61,785	42,765	49,625	50,810	
-	-	1,116	249	299	168	
48,672	29,352	28,703	25,976	25,062	23,689	
-	-	-	-	-	-	
<u>\$ 800,417</u>	<u>\$ 381,444</u>	<u>\$ 376,978</u>	<u>\$ 360,830</u>	<u>\$ 364,668</u>	<u>\$ 384,318</u>	
<u>\$ (70,437)</u>	<u>\$ (4,586)</u>	<u>\$ (44,509)</u>	<u>\$ (21,425)</u>	<u>\$ (28,789)</u>	<u>\$ (46,277)</u>	
-	62,560	15,275	19,635	19,635	43,450	
-	-	-	-	-	-	
201	-	-	-	-	-	
175,005	16,020	41,065	23,865	6,430	-	
-	2,870	2,318	2,038	835	2,900	
(164,265)	(12,913)	(39,252)	(13,328)	(6,585)	-	
-	-	-	-	-	-	
(4,130)	-	-	-	-	-	
37,507	33,915	31,769	44,505	42,468	39,573	
(26,942)	(23,662)	(23,820)	(28,795)	(31,445)	(24,517)	
<u>\$ 17,376</u>	<u>\$ 78,790</u>	<u>\$ 27,355</u>	<u>\$ 47,920</u>	<u>\$ 31,338</u>	<u>\$ 61,406</u>	
<u>\$ (53,061)</u>	<u>\$ 74,204</u>	<u>\$ (17,154)</u>	<u>\$ 26,495</u>	<u>\$ 2,549</u>	<u>\$ 15,129</u>	
421,989	101,356	27,665	29,209	27,497	30,077	
20.8%	21.5%	25.9%	20.7%	22.2%	21.0%	

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		
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
2014	15,451,540	2,636,867	18,088,407	0.6480

**Source:** City of Arlington Finance Department  
[Tarrant Appraisal District Records](#)

**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>4</sup>	City Direct Rates			Overlapping Rates						
	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District <sup>1</sup>	Fort Worth Independent School District <sup>1</sup>	HEB Independent School District <sup>1</sup>	Kennedale Independent School District <sup>1</sup>	Mansfield Independent School District <sup>1</sup>	Tarrant County <sup>2</sup>	Viridian Management District <sup>3</sup>
2005	0.4023	0.2457	0.6480	1.75	1.65	1.72	1.80	1.77	0.65	N/A
2006	0.4244	0.2236	0.6480	1.61	1.51	1.60	1.72	1.69	0.65	N/A
2007	0.4467	0.2013	0.6480	1.28	1.19	1.30	1.36	1.45	0.64	N/A
2008	0.4467	0.2013	0.6480	1.27	1.26	1.30	1.49	1.45	0.63	N/A
2009	0.4467	0.2013	0.6480	1.27	1.32	1.30	1.49	1.45	0.65	N/A
2010	0.4330	0.2150	0.6480	1.34	1.32	1.29	1.55	1.50	0.65	0.45
2011	0.4393	0.2087	0.6480	1.31	1.32	1.41	1.51	1.50	0.66	0.45
2012	0.4423	0.2057	0.6480	1.30	1.32	1.41	1.51	1.54	0.66	0.45
2013	0.4423	0.2057	0.6480	1.29	1.32	1.39	1.49	1.53	0.66	0.45
2014	0.4353	0.2127	0.6480	1.35	1.32	1.38	1.51	1.53	0.66	0.45

Sources: City of Arlington Finance Department  
 Tarrant Appraisal District Records

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 Viridian Management District was approved by Arlington City Council in 2007. Tax rate started in 2010.
- 4 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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2014

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<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value</u>
General Motors Corp.	\$ 253,222,418	1.40 %
Oncor Electric Delivery	151,740,179	0.84
Arlington Highlands	146,427,000	0.81
Parks at Arlington	142,695,717	0.79
Chesapeake Operating (WI)	122,475,510	0.68
Six Flags Fund II LTD	89,155,407	0.49
DFW Midstream Services	66,251,584	0.37
Enervest Operating	64,791,920	0.36
Wal-Mart Real Estate Bus LLC	63,408,655	0.35
Lincoln Square Dunhill LP	<u>63,020,863</u>	<u>0.35</u>
Total	<u>\$ 1,163,189,253</u>	<u>6.44 %</u>

**Sources:** City of Arlington Finance Department  
 Tarrant Appraisal District Records

Table 7

2005		
<u>Taxpayer</u>	<u>Total Taxable Value</u>	<u>Percentage of Total City Taxable Value</u>
General Motors Corp	\$ 181,325,036	1.16 %
TXU Electric Delivery Co	141,993,856	0.91
Parks At Arlington Lp	140,830,000	0.90
McKesson Corporation	112,737,838	0.72
Southwestern Bell	78,177,764	0.50
Six Flags Fund II Ltd	71,611,786	0.46
USMD Surgical Hospital Of Arl	46,094,895	0.30
HCA-Arlington Inc.	45,800,000	0.29
National Semiconductor Corp	44,722,948	0.29
Lincoln Square Ltd	40,010,000	0.26
Total	<u>\$ 903,304,123</u>	<u>5.79 %</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
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	112,051,050	97.82	1,553,340	113,604,390	99.17
2014	117,212,877	114,468,630	97.66	1,915,638	116,384,268	99.29

**Source:** City of Arlington Finance Department

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

\* Collected within FY Amount Revised for 2013



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	
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%
2014	252,197,000	80,340,000	-	207,827,000	133,307,000	22,601,000	696,272,000	3.85%

Source: City of Arlington Finance Department

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

---

Estimated Population	Per Capita <sup>a</sup>	Percentage of Personal Income
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	1.05%
365,438	2,052	1.05%
365,530	2,012	0.95%
365,860	1,962	0.87%
365,930	1,877	0.81%
369,508	1,884	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	
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)
2014	252,197,000	80,340,000	-	(2,769,146)

**Source:** City of Arlington Finance Department  
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
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
329,767,854	1.82%	892	369,508

CITY OF ARLINGTON, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
As of September 30, 2014  
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington ISD	579,644,720	76.88%	\$ 445,630,861
Fort Worth ISD	747,639,995	0.52%	3,887,728
Hurst-Euless-Bedford I.S.D.	320,947,221	0.99%	3,177,377
Kennedale I.S.D.	43,366,070	52.08%	22,585,049
Mansfield I.S.D.	719,518,374	28.77%	207,005,436
Tarrant County	317,820,000	14.12%	44,876,184
Tarrant County Junior College District	6,406,640	14.05%	900,134
Tarrant County Hospital District	47,440,000	14.10%	6,689,040
Viridian MMD	20,975,000	100.00%	20,975,000
<b>Subtotal overlapping debt</b>	2,803,758,020		755,726,809
City of Arlington, net debt outstanding	\$ 540,364,000	100.00%	\$ 540,364,000
<b>Total direct and overlapping debt</b>	\$ 3,344,122,020		\$ 1,296,090,809

**Sources:** City of Arlington Finance Department  
Estimated percentages are provided by the Municipal Advisory Council of Texas

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>
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	123,442	67,924	55,518	7,663	7.24
2012	114,719	70,300	44,419	7,769	5.72
2013	114,234	72,941	41,293	7,684	5.37
2014	116,145	78,672	37,473	8,195	4.57

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
2014	10,774	2,908	7,866	1,774	4.43

Source: City of Arlington Finance Department

- 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

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

Table 13

Year	Estimated Population <sup>(1)</sup>	Personal Income (thousands of dollars) <sup>(2)</sup>	Per Capita Personal Income <sup>(3)</sup>	School Enrollment	Unemployment Rate <sup>(4)</sup>
2005	361,300	65,868,221	34,430	62,267	5.0%
2006	362,393	71,783,543	36,427	63,397	4.5%
2007	364,300	76,104,528	37,573	63,082	4.1%
2008	369,150	78,864,176	38,018	62,863	4.7%
2009	370,450	67,781,269	37,567	63,506	7.3%
2010	365,438 *	71,186,538	39,367	63,989	7.8%
2011	365,530	77,035,055	40,965	64,979	7.6%
2012	365,860	82,707,780	43,044	65,700	6.8%
2013	365,930	84,905,643	44,417	66,177	5.9%
2014	369,508	N/R	N/R	65,972	5.2%

**Sources:**

North Central Texas Council of Governments, Bureau of Economic Analysis, Texas Education Agency, and US Bureau of Labor Statistics

**Notes:**

<sup>(1)</sup> Population 2014 - City of Arlington Financial and Management Resources

<sup>(2)</sup> Personal Income 2009-2013 represents Tarrant county

<sup>(3)</sup> Per Capita Personal Income 2009-2013 represents Tarrant County

<sup>(4)</sup> Monthly average during fiscal year.

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

N/R - Not Reported

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

Table 14

2014			
<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington Independent School District	Public Education	8,000	3.79%
University of Texas at Arlington	Higher Education	5,300	2.51%
General Motors	Automobile Assembly	4,440	2.10%
Six Flags Over Texas	Amusement Park	3,800	1.80%
The Parks at Arlington	Retail	3,500	1.66%
Texas Health Resources	Health Care	2,871	1.36%
City of Arlington	Municipality	2,487	1.18%
GM Financial	Financial Services	2,000	0.95%
J.P. Morgan-Chase	Banking Services	1,965	0.93%
Texas Rangers Baseball Club	Sports/Entertainment	1,881	0.89%
<b>Total</b>		<b>36,244</b>	<b>17.17%</b>

2005			
<u>Employer</u>		<u>Employees</u>	<u>Percentage of Total City Employment</u>
Arlington ISD	Public Education	8,000	4.11%
University of Texas at Arlington	Higher Education	5,700	2.93%
Six Flags Over Texas	Amusement Park	3,200	1.64%
General Motors	Automobile Assembly	3,000	1.54%
City of Arlington	Municipality	3,000	1.54%
Arlington Memorial Hospital	Medical Center	2,310	1.19%
Texas Rangers Baseball Club	Sports Entertainment	1,800	0.93%
Americredit	Finance	1,300	0.67%
Providian Financial	Financial Services	1,300	0.67%
National Semiconductor	Semiconductor Manufacturer	1,200	0.62%
<b>Total</b>		<b>30,810</b>	<b>15.84%</b>

**Source:** City of Arlington Treasury Department  
 Texas Workforce Commission

Note: 2014 Employment Estimate (as of September 2013) is 211,253  
 2005 Employment Estimate is 194,534

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

Function/Program	Fiscal Year			
	2005	2006	2007	2008
<b>Strategic Support</b>				
*Management Resources	23	31	42	42
City Attorney's Office	33	33	37	37
City Manager's Office	9	4	6	4
Internal Auditor's Office	-	6	6	6
Workforce Services	119	19	23	23
Judiciary	-	-	5	6
Municipal Court	4	4	46	46
Information Technology	38	38	34	34
IT - Internal Services Fund	15	15	20	20
*Financial & Mgmt Resources	78	30	31	31
Knowledge Services Fund	12	13	10	10
<b>Economic Development &amp; Capital Investment</b>				
Economic Development	-	-	3	3
Community Development and Planning	53	56	69	73
Aviation	-	-	8	8
Convention Center	33	32	31	32
<b>Neighborhood Services</b>				
Police	745	745	768	793
**Fire	302	302	407	414
Code Compliance Services	67	74	72	77
Park and Recreation	132	125	130	115
Park Performance Fund	66	66	61	81
Library	64	64	71	71
<b>Capital Investment</b>				
Public Works & Transportation	114	112	125	133
Street Maintenance Fund	75	71	62	62
Environmental Services	-	-	10	10
Fleet Services Fund	3	2	2	2
Water Utilities Fund	223	219	219	218
Storm Water Utility Fund	-	-	-	-
Grant Funds	77	79	85	88
<b>Communication Services Fund</b>				
<b>EPAB</b>				
Support Services	31	170	-	-
Sanitary Landfill Fund	26	-	-	-
Transportation	-	-	-	-
Engineering Services	-	-	-	-
<b>Total</b>	<u>2,342</u>	<u>2,310</u>	<u>2,383</u>	<u>2,439</u>

**Source:** City of Arlington Finance Department

**Note:**

\* Management Resources and Finance merged into Financial & Management Resources; unmerged 2014

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

Table 15

Fiscal Year					
2009	2010	2011	2012	2013	2014
-	-	-	-	-	-
38	38	38	38	38	34
4	3	3	3	3	3
6	5	5	5	5	5
20	19	19	19	19	19
6	6	6	6	6	6
43	42	41	42	41	41
33	33	33	32	23	32
20	21	21	23	32	23
74	69	69	70	71	37
11	11	9	9	8	8
3	3	3	3	3	3
70	68	64	71	71	71
8	8	8	8	8	8
32	31	31	31	31	31
811	781	789	829	837	836
426	423	424	443	443	443
77	75	69	60	62	62
119	118	103	101	102	102
75	72	72	69	69	69
70	69	68	68	68	68
89	93	90	86	85	85
92	92	91	93	93	93
4	-	-	-	-	-
1	1	1	1	1	1
219	219	222	222	223	223
24	24	27	27	27	27
93	153	152	115	106	113
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,468</u>	<u>2,477</u>	<u>2,458</u>	<u>2,474</u>	<u>2,475</u>	<u>2,443</u>

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

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<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Public safety			
Police			
Number of employees	534	558	582
Number of dispatch calls	146,891	146,408	147,668
Fire			
Number of employees	301	394	407
Number of service calls	27,788	48,468	30,665
Parks and recreational			
Parks - programs registration	36,407	20,573	38,366
Membership	34,763	41,031	41,205
Library			
Central library	1	1	1
Branch libraries	5	5	5
Collection Size	522,703	579,445	598,869
Average monthly circulation	131,738	134,710	139,909
Water and sewer			
Number of accounts	102,421	97,299	98,195
Average daily water consumption (gallons)	53,550,000	65,019,372	47,582,642
Ozonated treatment capacity (gpd)	174,000,000	140,000,000	140,000,000
Miles of water mains	1,358	1,378	1,378
Number of fire hydrants	10,195	10,325	10,493
Number of sewer connections	95,479	95,124	96,905
Golf Course			
Number of clinics	3	104	127
Number of participants in clinics	44	438	646
Number of private lessons	984	2,071	1,770

**Source:** City of Arlington Finance Department

**Notes:** 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
598	621	634	634	640	640	643
142,861	139,251	161,695	135,552	156,388	143,146	134,160
414	426	423	424	443	443	443
31,090	30,955	33,012	34,445	35,276	36,317	38,542
39,450	48,442	45,855	41,479	47,842	46,286	42,692
39,398	35,756	38,285	39,282	35,314	36,757	35,661
1	1	1	1	1	1	1
6	6	6	6	6	6	6
611,402	623,767	612,272	602,339	614,270	656,982	624,002
155,417	177,075	186,606	199,616	187,093	180,048	175,601
98,924	99,141	99,288	99,484	99,862	100,453	101,107
53,516,147	51,697,563	48,128,986	64,096,000	57,990,000	49,094,776	53,350,000
140,000,000	140,000,000	172,500,000	172,500,000	172,500,000	172,500,000	172,500,000
1,532	1,545	1,551	1,557	1,572	1,575	1,578
10,550	10,711	10,780	10,856	10,983	10,959	11,018
96,905	96,895	97,185	97,343	97,930	98,544	99,279
92	133	129	78	61	56	64
517	508	495	348	355	409	204
1,653	1,631	1,253	1,246	1,066	1,854	1,747

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

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Function/Program	Fiscal Year			
	2005	2006	2007	2008
Public safety				
Police stations	3	3	3	3
Fire stations	16	16	16	16
Miles of streets and alleys				
Streets- paved (lane miles)	2,477	2,939	2,969	2,985
Sidewalks (miles)	908	974	981	988
Cultural and recreational				
Parks (acres) (golf courses included)	4,652	4,652	4,663	4,669
Swimming pools	7	6	7	7
Tennis courts	49	49	49	47
Recreation centers	5	5	5	5
Senior center	2	2	2	2
Miles of park trails	45	40	43	46
Sports fields-youth	54	77	77	77
Basketball courts-outdoors	24	22	22	22
Number of golf courses	4	4	4	4
Water and Sewer				
Water mains (miles)	1,358	1,378	1,389	1,532
Fire hydrants	10,195	10,325	10,493	10,550
Sanitary sewers (miles)	1,186	1,194	1,194	1,282

Source: City of Arlington Finance Department

Table 17

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
4	4	4	4	4	4
16	16	16	17	17	17
2,996	3,002	3,004	3,085	3,093	3,161
993	999	1,005	1,015	1,018	1,030
4,681	4,683	4,683	4,697	4,710	4,710
7	7	7	7	7	7
45	45	45	45	45	45
5	5	5	5	5	4
2	2	2	2	2	2
47	52	49	51	53	54
77	77	77	77	77	77
22	21	22	21	21	21
4	4	4	4	4	4
1,545	1,551	1,557	1,572	1,575	1,578
10,711	10,780	10,856	10,983	10,959	11,018
1,286	1,289	1,294	1,297	1,300	1,302

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
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	149,940	87.8%	16.47%	5.17%
2013	787,497	904,236	87.1%	116,739	145,369	80.3%	16.28%	4.68%
2014	842,194	1,003,238	83.9%	161,044	150,941	106.7%	15.62%	6.88%

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%