City of Arlington, Texas
Comprehensive Annual Financial Report

Year ended September 30, 2011

CITY OF ARLINGTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2011

PREPARED BY THE FINANCIAL AND MANAGEMENT RESOURCES DEPARTMENT, ACCOUNTING DIVISION

Robert Cluck, MD
Mayor

Robert S. Byrd
Interim City Manager

April Nixon
Financial and Management Resources Director/CFO

Sherry Wright, CPA
Assistant Director of Financial Operations

Barbara Whitehorn, CGFO
Controller

ARLINGTON

CITY OF ARLINGTON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
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March 7, 2012

Dear Reader:

The Arlington, Texas Comprehensive Annual Financial Report (CAFR or report) for the fiscal year ended September 30, 2011, is submitted for review and analysis and in compliance with Texas law. City management is responsible for the accuracy, completeness and reliability of the presented data, based upon a comprehensive framework of internal control established for this purpose. Grant Thornton LLP has issued an unqualified opinion on the City's financial statements for the year ended September 30, 2011. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A), which follows the independent auditor's report, complements this letter and should be read in conjunction with it. Immediately following this letter is a brief summary of local economic indicators.

City Overview and Governance

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

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

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

The Arlington reporting entity includes seven component units, five of which are discretely presently. Six of the 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.

Long Term Financial Planning

The City has a long history of conservative fiscal planning. By monitoring the economy and the City's own revenue and expenditure streams continuously, the City has been able to adjust quickly to shifts and changes. The City also believes that long-term planning contributes to financial resiliency, and the City is dedicated to monitoring revenues and expenditures on a five-year horizon.

As part of an on-going review, the City examined programs and projects to determine what could be changed or eliminated and have the least impact on service delivery in the faltering economy. So far, Arlington has been relatively fortunate. The City has seen an increase in residential and commercial foreclosures; however, these are not nearly as dramatic as some other cities in the region and certainly across the country.

The multi-year financial forecast assumes the continuation of existing services and competitive pay and benefits for the City's workforce. The City expects to continue to improve the outlook by focusing on service delivery, and expanding neighborhood and community partnerships. The City expects the local economy to have a slow recovery from the

current crisis, but fortunately, Arlington has not been as negatively impacted as other parts of the country. The steady housing market, economic development activity, and wise decisions made by City leaders now will ensure the future success of Arlington.

Major Initiatives/Highlights

Texas Rangers Major League Baseball Playoffs
The Texas Rangers won their division and headed to playoffs, eventually winning the American League Championship by defeating the Detroit Tigers in six games out of seven at home, thus securing the second consecutive Texas Rangers World Series appearance in October of 2011. It is estimated the playoffs net the City an additional $1.3 million in sales tax receipts.

Super Bowl XLV/Cowboys Stadium Development Project
In November of 2004, voters authorized the City to provide planning, acquisition, construction and financing for the new Cowboys Stadium. The City hosted Super Bowl XLV in February 2011. The Green Bay Packers defeated the Pittsburgh Steelers in the game.

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 2011, the Foundation approved over $1.1 million for projects building safe and strong neighborhoods and promoting quality leisure, learning, and culture activities.

General Motors
General Motors announced plans for expansion and retooling of the Arlington Assembly Plant. Arlington was competing with other General Motors locations in the United States and outside to be chosen for significant upgrades and expansions to the Arlington Assembly Plant. The City Council passed an ordinance in April 2011 establishing the General Motors site as a reinvestment zone and approved an incentive package to encourage General Motors to make further investments at the Arlington plant.

College Park Center
In October 2010, the City and UT Arlington broke ground for the new $80 million College Park. College Park will have housing for 600 students, retail and office suites, a Welcome Center and a satellite campus police station. College Park is part of UTA's College Park District, which includes a 6,500 seat College Park Center, which opened in February, 2012, and the Green at College Park, an outdoor space where students and the community can gather, play and relax.

Other notable 2011 milestones include:

- The completion of the $165 million I-30 mobility project in November 2010. The project is two miles of reconstructed and lowered main lanes between Cooper Street and Ballpark Way. There are also new bridges at Center Street and Baird Farm Road, as well as the reconstruction of the Collins Street bridge, one-way frontage roads, landscaping, lighting, murals and extension of the reversible HOV managed lanes.
- The grand opening of the new airport terminal building at the Arlington Municipal Airport. The new 15,500 square foot building houses Airport administrative offices and provides lease space for aviation-related businesses. The project is the city's first LEED Silver Certified facility, a nationally accepted benchmark for the design, construction and operation of high-performance green buildings. Also included in the project are Medium Approach Lighting System with Sequenced Flashers (MALSF) and an expansion to the airport apron.
- A state-of-the-art recycling center opened in November 2010. The recycling center verifies, crushes and sorts aluminum cans and plastic beverage bottles. The items are then eventually made into new products.
- The first electric vehicle charging station in Arlington opened in July at John Wright Associates on west Abram Street.
- Viridian broke ground in May, 2011, for a 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, 70 multimillion dollar custom homes, for-sale condominiums and high-end rentals.

Government Finance Officers Association (GFOA) Awards

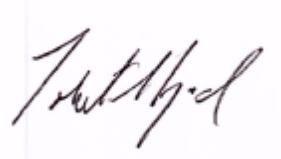
The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Arlington for its CAFR for the year ended September 30, 2010. This was the 33rd year the City has earned this prestigious award. A Certificate of Achievement is valid for a period of one year. The City believes the current CAFR continues to meet the certificate requirements and will be submitting the document to the GFOA to determine ongoing eligibility for the certificate.

The GFOA also awarded a Certificate for Outstanding Achievement in Popular Annual Financial Reporting for the year ended September 30, 2010. This was the third year the City applied for and received this prestigious award. The Certificate is valid for a period of one year. The City will submit a Popular Annual Financial Report which meets requirements for the award again this year.

Acknowledgments

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

Respectfully submitted,



Robert S. Byrd
Interim City Manager

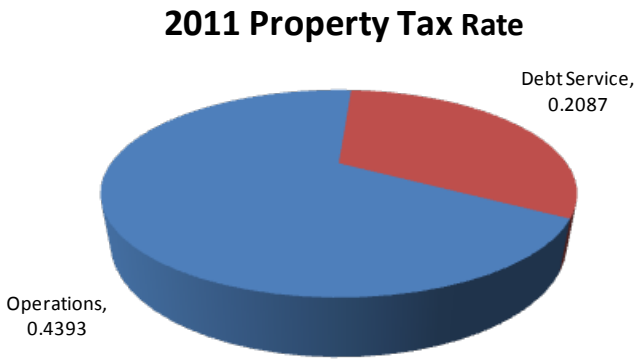
April Nixon
Financial and Management
Resources Director/CFO

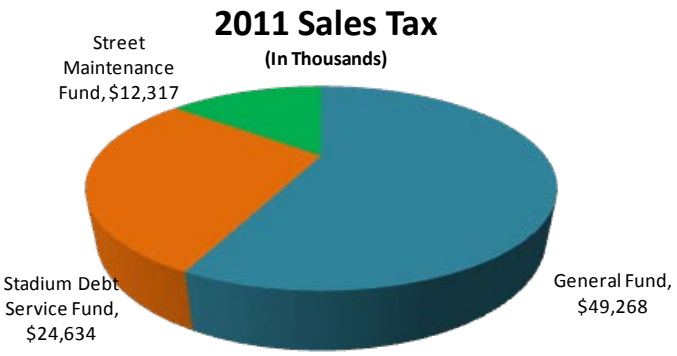
Local Economic Indicators

The Arlington Economy is broad and diverse. Major employers include the Arlington Independent School District, The University of Texas at Arlington, Six Flags Over Texas, City of Arlington, The Parks at Arlington and General Motors. Major taxpayers include General Motors, Chesapeake Operating, Oncor Electric Delivery, The Parks at Arlington, and The Arlington Highlands; making up approximately 4.5% of the City's assessed value. Arlington has proactively managed its financial condition over the years, with a built-in conservative bias. City leaders are carefully managing the City's finances during the recession and will continue to take steps necessary to preserve the Arlington's Aa1/AA+/AA+ general obligation bond rating and our ability to serve the public.

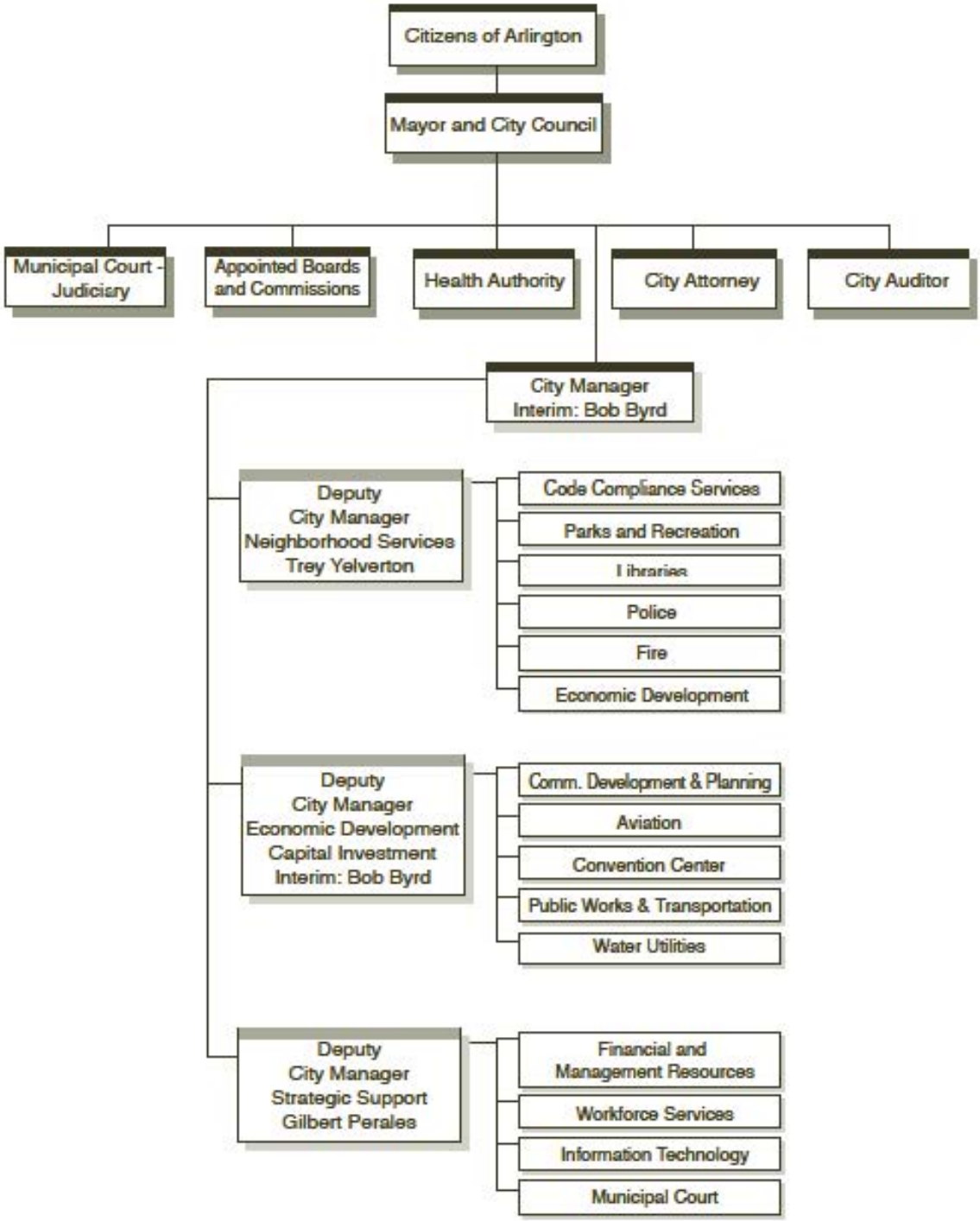
	2009	2010	2011
Property Tax Base in thousands			
Personal	2,386,993	2,604,015	2,369,503
Real Estate	15,859,827	15,647,090	14,809,609
Total	18,246,820	18,251,105	17,179,112
Property Tax Rate			
Operations	0.4467	0.4330	0.4393
Debt Service	0.2013	0.2150	0.2087
Total	0.6480	0.6480	0.6480
Sales Tax in thousands			
Amount	80,193	81,517	86,219
Annual growth	(1.46%)	1.65%	5.80%
Population	370,450	365,438*	365,930
General Obligation Debt per Capita	$824	$933	$901
Labor Force	210,017	208,628	209,258
Unemployment Rate	7.3%	7.8%	7.6%
Housing Start Permits Issued	251	284	230
Foreclosures (residential and commercial)	1,187	1,262	914**
Occupancy Rates			
Office	87.9%	85.3%	88.0%
Industrial	84.0%	85.7%	90.0%
Retail	91.5%	92.0%	91.6%
Residential (Multi-family) ***			92.1%
North Arlington - 4th Quarter	90.0%	93.0%	
South Arlington - 4th Quarter	92.9%	91.0%	

*Population numbers are estimates; 2010 population is based on census data
** Does not include February 2011, no data was obtained due to inclement weather
*** North and South Arlington are no longer tracked separately.





City of Arlington Organization Chart



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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, 2010

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

President

Executive Director

City of Arlington, Texas

City Council

Robert Cluck
Mayor
Term expires May 2013

Kathryn Wilemon, District 4
Mayor Pro Tem
Term expires May 2013

Vacant, District 1
Mel LeBlanc resigned from Council effective 2/14/2012
Term expires May 2012

Sheri Capehart, District 2
Term expires May 2012

Robert Rivera, District 3
Term expires May 2013

Lana Wolff, District 5
Term expires May 2013

Robert Shepard, District 6 At Large
Term expires May 2012

Jimmy Bennett, District 7 At Large
Term expires May 2012

Vacant, District 8 At Large
Gene Patrick resigned from Council effective 11/15/2011
Term expires May 2013

Grant Thornton

Report of Independent Certified Public Accountants

Audit • Tax • Advisory
Grant Thornton LLP
1717 Main Street, Suite 1500
Dallas, TX 75201-4667

T 214.561.2300
F 214.561.2370
www.GrantThornton.com

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

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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., which are discretely presented component units which represent 10%, 11%, and 70%, respectively, of assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based on the reports of the other auditors. The financial statements of the City as of September 30, 2010, were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated March 4, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants 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 of material misstatement. The financial statements of the Arlington Convention and Visitors Bureau, Inc., audited by other auditors were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2012 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 16, the Budgetary Comparison Schedule – General Fund, the Schedule of Funding Progress – TMRS, the Schedule of Funding Progress – Part-Time Deferred Income Trust Plan, the Schedule of Funding Progress – Disability Income Plan, and the Schedule of Funding Progress – Postemployment Healthcare Plan on pages 73 through 77, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining financial statements, the schedules of capital assets used in the operation of governmental funds, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules of capital assets used in the operation of governmental funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

GRANT THORNTON LLP

Dallas, Texas
March 7, 2012

Grant Thornton LLP
U.S. member firm of Grant Thornton International Ltd

CITY OF ARLINGTON, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

SEPTEMBER 30, 2011

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, 2011. It should be read in conjunction with the accompanying letter of transmittal and financial statements.

FINANCIAL HIGHLIGHTS

- The City's net assets of governmental activities **decreased** by $12.4M (1.0%) this year, primarily due to a net decrease in cash and cash equivalents.

    - The City's **increase** in total net assets of $19.0M for the year was $70.7M lower than the $89.7M increase last year. This variance is partly attributable to the completion of the Cowboys Stadium Project. Last year contributions from the project were $37.3M. Because the project was compelted in 2010, there were no contributions in 2011. Additionally, last year $27.7M was included in contribution income related to the one time transfer of assets from the dissolved component unit, Arlington Sports Facilities Development Authority, Inc., to the General Fund.

    - The City's governmental funds reported combined ending fund balances of $236M, a **decrease** of $17.2M over last year. This decrease is due to:

        - A $20.6M decrease in the Debt Service Fund, primarily due to the mandatory redemption of special tax revenue debt (Cowboys) and interest expenses, offset by a $.2M increase in the General Fund balance. The General Fund increase was due in part to conservative spending and a $7.8M increase in the Street Maintenance Fund balance. The increase in Street Maintenance is due to a bond issue; the proceeds of which are restricted to streets capital projects.

    - The 2011 General Fund assigned fund balance was $57.8M and unassigned fund balance was $6.1M, an **increase** in the aggregate from prior year. In 2010, the comparable balances were $57M and $3.6M. Total assigned and unassigned fund balance of $63.9M is $3.3M higher than last year primarily due to the reclassification of some items of fund balance from reserved fund balance to assigned fund balance as required by the GASB statement 54. Under this statement, fund balance classifications changed effective with fiscal year 2011. In addition, the arbitrage and group health designations were eliminated and the amount assigned to business continuity decreased by $2.4M.

    - Total debt of $738M **decreased** $14.3M during the year. Debt issues in 2011 include $54.57M in Permanent Improvement and Refunding bonds, $1.77M in Certificates of Obligation, $13.9M and $3.3M in Water and Wastewater System Revenue and Refunding bonds, and $25.6M in Municipal Drainage Utility System Revenue Bonds. Bond principal payments for 2011 total $44.98M on existing obligations and $68.43M was refunded. Debt is allocated 80% for general government, with the remaining 20% 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 opine. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview the City's finances.

- **The Statement of Net Assets** presents information on all of the assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating. The Statement of Net Assets combines governmental funds' current financial resources (short-term spendable resources) with additional accruals, capital assets and long-term obligations. Other non-financial factors should also be taken into consideration to assess the overall health or financial condition of the City, such as changes in the City's property tax base and the condition of the City's infrastructure.

- **The Statement of Activities** shows how the net assets changed during the most recent year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave). Both the Statement of Net Assets and the Statement of Activities are prepared utilizing the accrual basis of accounting.

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

- Governmental Activities – Most of the City's basic functions are reported here, including general government, public safety, public works, public health, parks and recreation, public welfare, convention and event services and interest and fiscal charges. Property taxes, sales taxes and franchise fees provide the majority of funding for these activities, with the addition of charges for services, grants and contributions.

- Business-type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system is reported here, as well as storm water utilities.

- Component Units – The City includes one blended component unit with financial activity in 2011 in its report – Arlington Property Finance Authority, Inc. For fiscal year 2011, the City includes five 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), and Arlington Industrial Corporation (AIC). Although legally separate, these component units are important because the City is financially accountable for them.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

The City maintains twenty-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 Assets and the Statement of Activities. The internal service funds, another component of proprietary funds, report activities that provide supplies and services for the City such as self-insurance and fleet maintenance functions.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

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

NOTES TO THE FINANCIAL STATEMENTS AND OTHER INFORMATION

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

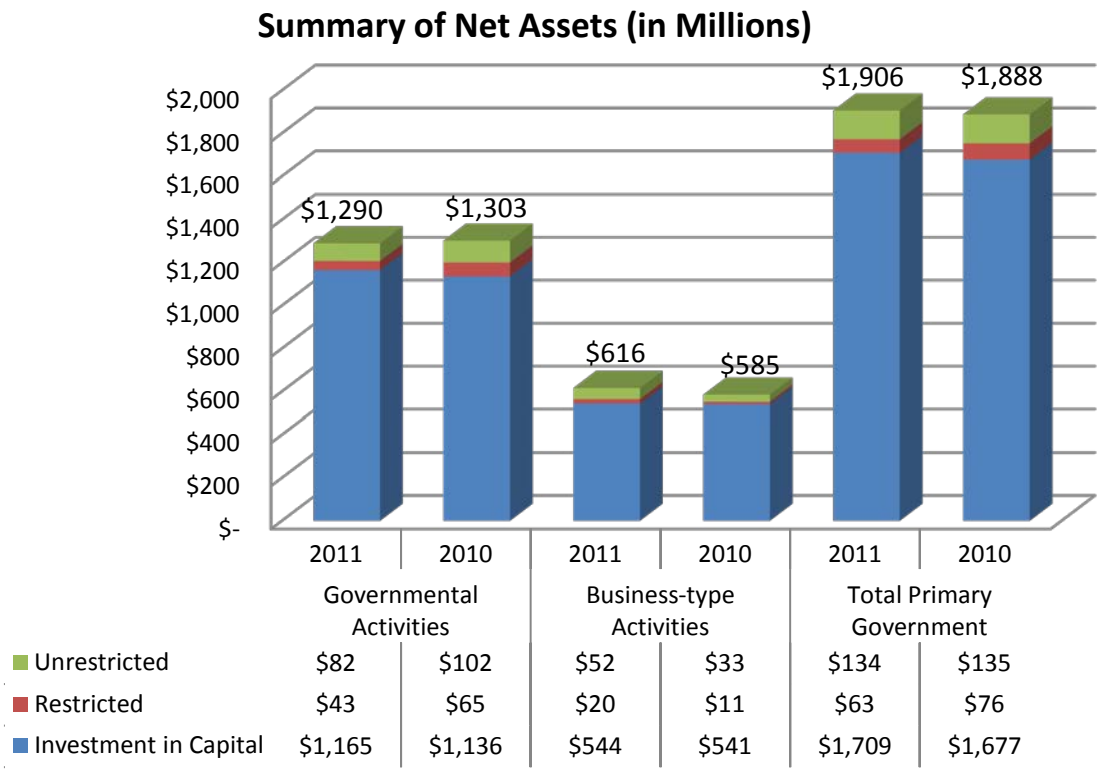
THE CITY AS A WHOLE – Government-wide Financial Analysis

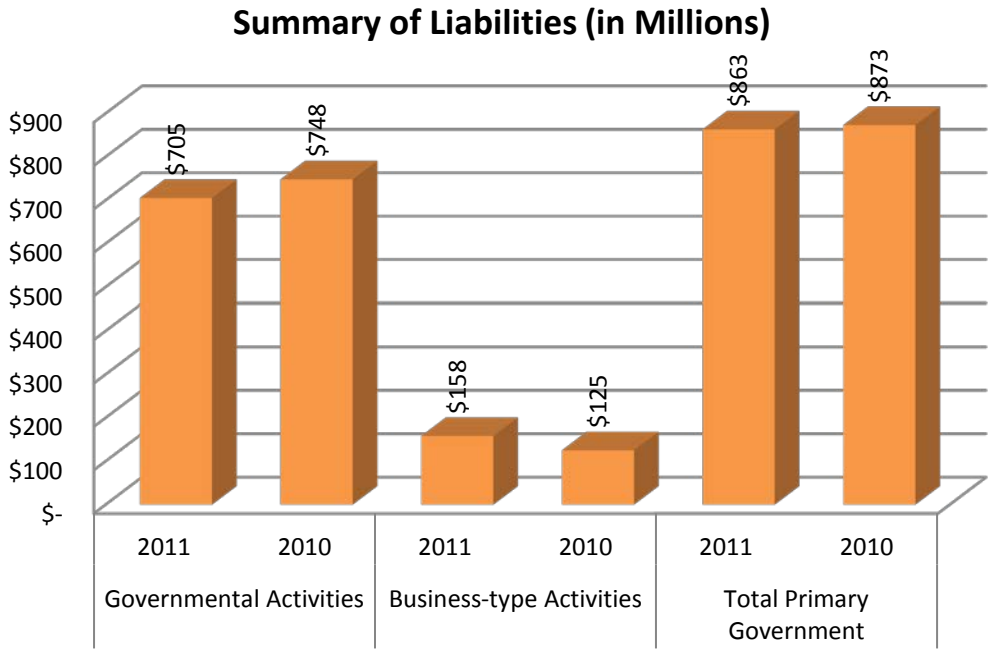
The City's combined net assets were $1.9B as of September 30, 2011. Analyzing the net assets and net expenses of governmental and business-type activities separately, the governmental activities net assets are $1.3B and the business-type activities net assets are $616M. This analysis focuses on the net assets and changes in general revenues and significant expenses of the City's governmental and business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 346	$ 372	$ 146	$ 102	$ 492	$ 474
Capital assets	1,649	1,679	628	608	2,277	2,287
Total assets	1,995	2,051	774	710	2,769	2,761
Long-term liabilities	622	659	135	102	757	761
Other liabilities	83	89	23	23	106	112
Total liabilities	705	748	158	125	863	873
Net assets:						
Invested in capital assets, net of related debt	1,165	1,136	544	541	1,709	1,677
Restricted	43	65	20	11	63	76
Unrestricted	82	102	52	33	134	135
Total net assets	$1,290	$ 1,303	$ 616	$ 585	$ 1,906	$ 1,888

By far the largest portion of the City's net assets (89.7%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

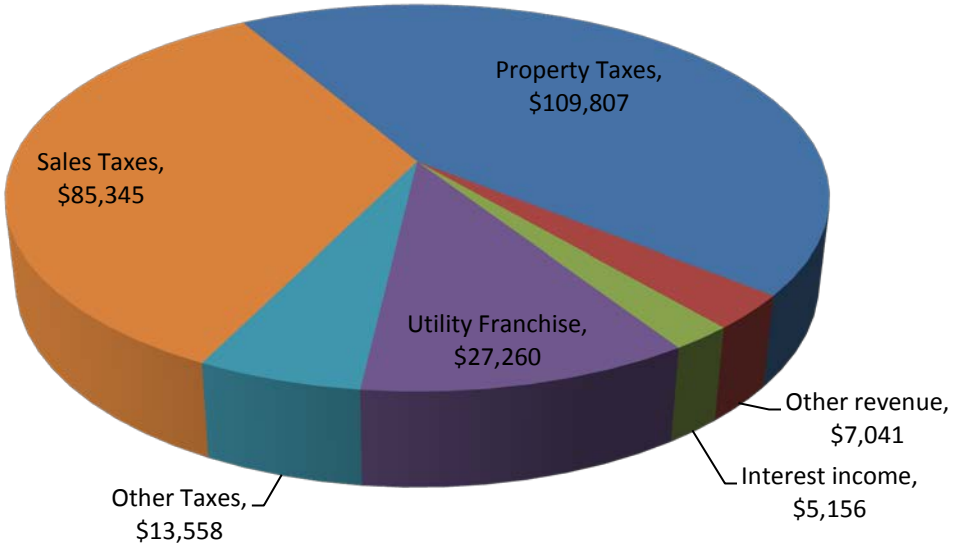




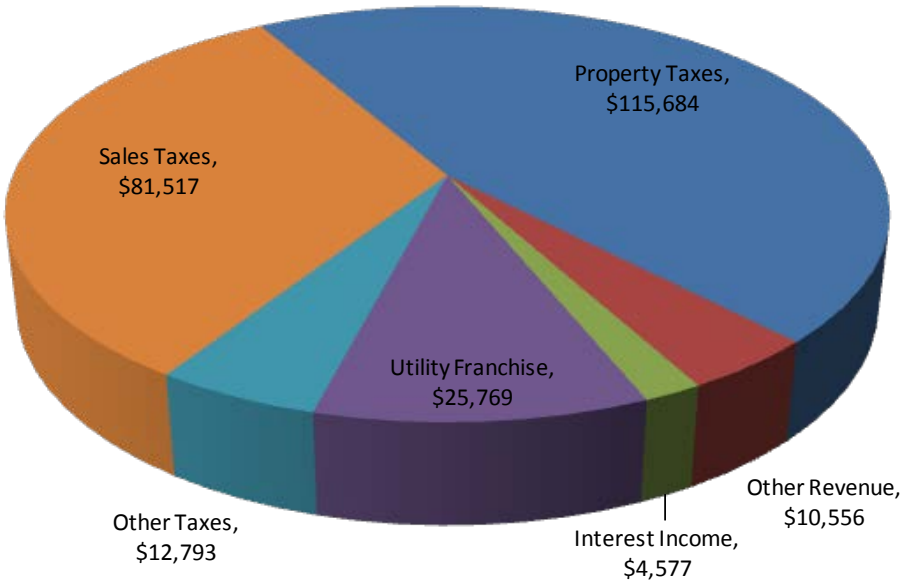
Governmental Activities

The City's general revenues decreased one percent ($2.9M) compared to the prior year. The primary reason for the decrease was a $5.9M decrease in property taxes offset by a $3.8M increase in sales tax revenue.

2011 General Revenue
(in thousands)



2010 General Revenue
(in thousands)



The assessed value of real and personal property in the City decreased by $1.1B or 5.9%. The property tax rate of $0.6480 per $100 assessed valuation remained the same as in 2010.

Governmental activities decreased the City's net assets by $12.4M, while Business-type activities increased net assets by $31.3M, for a net increase of $18.9M. The key elements of these increases are as follows:

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	$60,058	$55,540	$ 133,934	$ 116,502	$ 193,992	$ 172,042
Operating grants and contributions	23,455	23,127	-	-	23,455	23,127
Capital grants and contributions	2,625	72,515	1,120	1,388	3,745	73,903
General Revenues:						
Taxes	208,710	209,994	-	-	208,710	209,994
Utility franchise fees	27,260	25,769	-	-	27,260	25,769
Interest income	5,156	4,577	855	895	6,011	5,472
Other	7,041	10,556	(105)	(41)	6,936	10,515
Total revenues	334,305	402,078	135,804	118,744	470,109	520,822
Expenses:						
General government	74,285	70,517	-	-	74,285	70,517
Public safety	135,371	134,767	-	-	135,371	134,767
Public works	71,828	67,135	-	-	71,828	67,135
Public health	3,892	3,003	-	-	3,892	3,003
Parks and recreation	28,663	28,020	-	-	28,663	28,020
Public welfare	11,897	12,251	-	-	11,897	12,251
Convention and event services	6,194	6,321	-	-	6,194	6,321
Interest and fiscal charges	29,890	29,444	-	-	29,890	29,444
Water, sewer and storm water	-	-	89,131	79,619	89,131	79,619
Total expenses	362,020	351,458	89,131	79,619	451,151	431,077
Increase (decrease) in net assets before transfers	(27,715)	50,620	46,673	39,125	18,958	89,745
Transfers & capital contributions	15,348	13,693	(15,348)	(13,693)	-	-
Increase (decrease) in net assets	(12,367)	64,313	31,325	25,432	18,958	89,745
Net Assets, October 1,	1,302,528	1,238,215	584,637	559,205	1,887,165	1,797,420
Net Assets, September 30	$ 1,290,161	$ 1,302,528	$ 615,962	$ 584,637	$ 1,906,123	$ 1,887,165

The decrease in capital grants and contributions compared to prior year is partly the result of contributions from the Cowboys Stadium, L.P. for construction of the Cowboys Project received in 2010, as discussed above. Additionally, in 2010, $27.7M was included in contribution income related to the one time transfer of assets from the dissolved component unit, Arlington Sports Facilities Development Authority, Inc., to the General Fund.

Increases in general government expenses in fiscal year 2011 of $3.8M are due primarily to $2.5M in expenses for the Super Bowl held in February 2011. These expenses were fully offset by reimbursements from event organizers.

The increase in expenses of $4.7M in public works was due to an increase in capital projects undertaken during this fiscal year compared to the previous year.

Revenue and expense variances in business activities (Water and Wastewater/Storm Water Utility) were due to record-breaking heat and drought conditions which created an increase in water usage. This increase caused revenues to be higher along with related increases in expenses to purchase water and wastewater services.

CAPITAL ASSET AND DEBT ADMINISTRATION

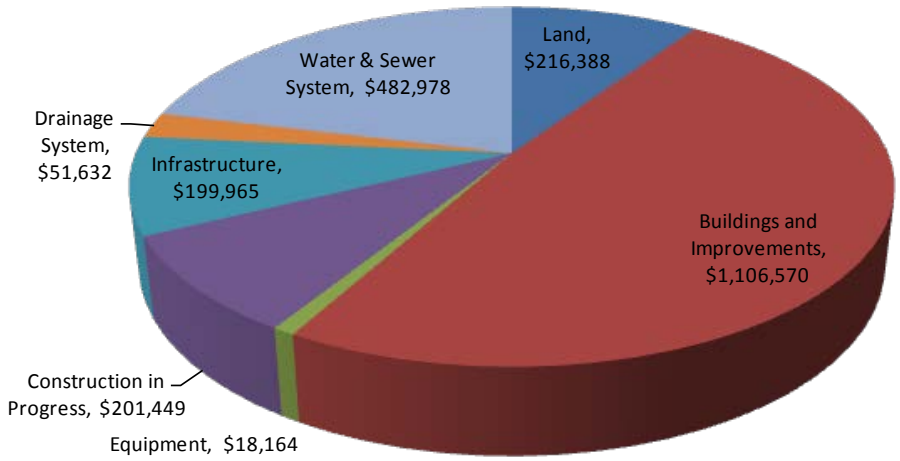
Capital Assets

At the end of the fiscal year 2011, the City had $2.28B invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of $10.1M or .4% from the prior fiscal year. The decrease is comprised of a $30.6M decrease in governmental activities and a $20.5M increase in business-type activities. This year's net decrease is related to typical, ongoing improvements of City infrastructure and replacement of machinery and equipment along with related depreciation. Footnote 5 in the notes to the financial statements provides more detailed information regarding the City's capital asset activity.

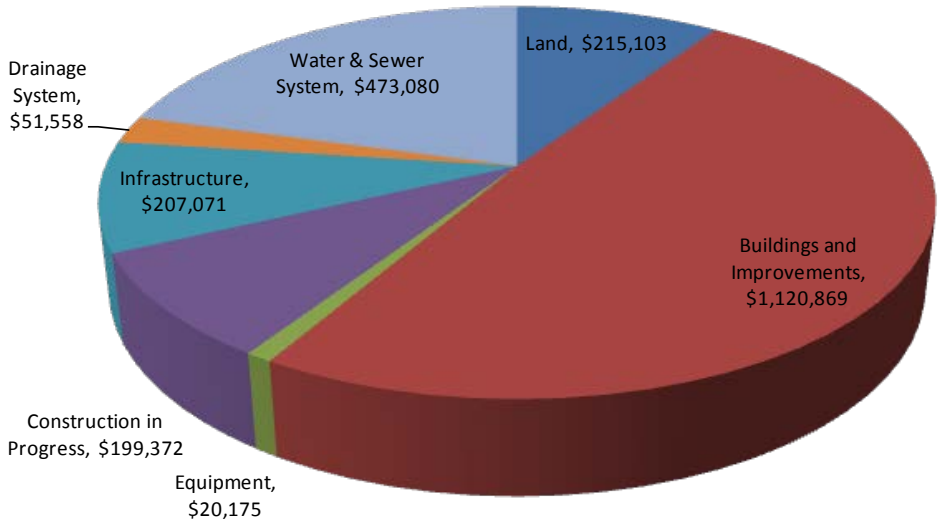
Table 3
Capital Assets, net of Accumulated Depreciation
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 209,397	$ 208,407	$ 6,991	$ 6,696	$ 216,388	$ 215,103
Buildings and improvements	1,104,979	1,121,027	1,593	1,649	1,106,572	1,122,676
Equipment	17,153	19,139	1,011	1,036	18,164	20,175
Construction in progress	117,637	125,869	83,812	73,503	201,449	199,372
Infrastructure	199,965	205,264	-	-	199,965	205,264
Drainage system	-	-	51,632	51,558	51,632	51,558
Water and sewer system	-	-	482,978	473,080	482,978	473,080
Totals	$ 1,649,131	$ 1,679,706	$ 628,017	$ 607,522	$ 2,277,148	$ 2,287,228

2011 Capital Assets
(in thousands)



2010 Capital Assets
(in thousands)



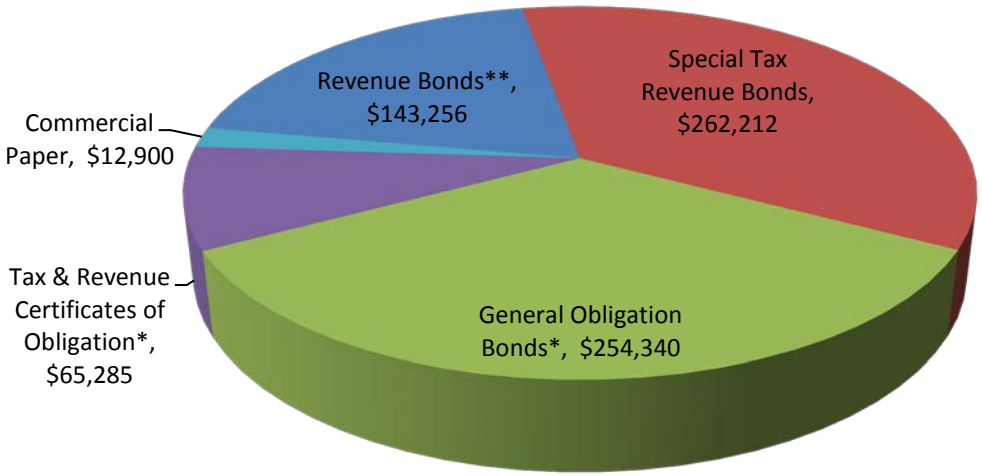
Major capital asset additions during the fiscal year include the following:

- Private developer capital contributions of $1.1M 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 $19M
- Storm drainage and street construction projects capital outlay totaling $17M
- Improvements to parks and recreation facilities of $4.5M
- Construction of the new fire stations #3 and #9 of $4.8M

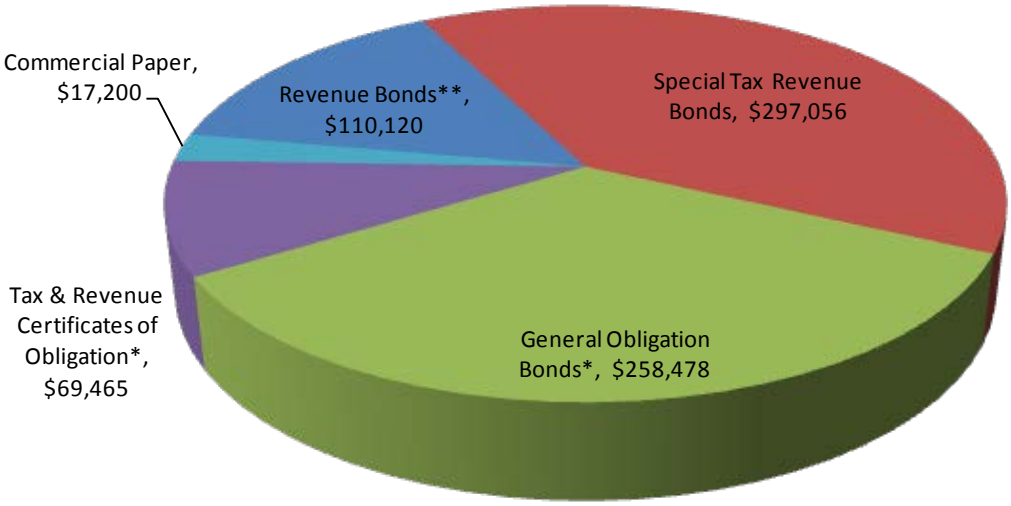
Debt

At year-end, the City had $738M in debt, a decrease of $14.3M from 2010.

2011 Outstanding Debt (in thousands)



2010 Outstanding Debt (in thousands)



**Secured by City Tax Base*
***Secured by Water and Sewer Revenue*

Table 4
Outstanding Debt
(Amounts Expressed In Thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds (backed by the City)	$ 254,340	$ 258,478	$ -	$ -	$ 254,340	$ 258,478
Combination tax and revenue certificates of obligation (backed by the City)	65,285	69,465	-	-	65,285	69,465
Commercial Paper	12,900	17,200	-	-	12,900	17,200
Special tax revenue bonds	262,212	297,056	-	-	262,212	297,056
Revenue bonds (backed by fee revenues)	-	-	143,256	110,120	143,256	110,120
Totals	$ 594,737	$ 642,199	$ 143,256	$ 110,120	$ 737,993	$ 752,319

During the current fiscal year, the City issued $54.57M in Permanent Improvement and Refunding bonds to refund certain debt obligations of the City, to make various capital improvements, to pay costs related to the issuance of the bonds, and to refund $4.3M of commercial paper notes. The City also issued $1.8M in Combination Tax and Revenue Certificates of Obligation. No new special obligation bonds were issued in 2011. In November 2010, the City issued $17.145 in Water and Sewer Revenue Bonds for the purpose of expanding the John F. Kubala Water Treatment Plant and construction of a water tower at Tierra Verde. In April 2011, the City issued $25.6M in Municipal Drainage Utility System Revenue Bonds to provide funds for drainage improvements. Footnote 8 in the notes to the financial statements provides more detailed information regarding the City's long-term debt activity.

In 2011, 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 AA+ rating by Standard and Poor's Corporation on its tax supported debt. The City also maintained ratings of water and wastewater revenue bonds, AA+ rating from Standard and Poor's Corporation, Aa2 rating from Moody's Investor Service and AAA from Fitch, Inc. The ratings on the Cowboys Complex Special Obligations remained rated A2 by Moody's and AA by Standard and Poor's. The ratings for Municipal Drainage Utility System Revenue Bonds (Storm Water) are Aa2 by Moody's and AAA by Standard and Poor's Corporation.

General bonded debt per capita decreased from $933 in 2010 to $901 in 2011.

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 1.92%.

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. Claim liability decreased to $9.5M in 2010 and then increased in 2011 to $11.5M.

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.

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. The tenant will also make separate annual payments to the City equal to 5% of the net naming rights revenue, if any, received by the tenant capped at $500,000 per year.

In July of 2006, $148M 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 $236M. The General Fund balance was $66.8M, an increase of $.2M from prior year. This slight increase can be attributed to a deliberate attempt by City management to balance current revenues against current expenditures. The Debt Service fund balance was $20.6M lower than prior year, primarily due to the early mandatory redemption of special tax revenue debt (Cowboys). The Debt Service Fund ended the year with a fund balance of $38.1M. Other changes in fund balances should be noted:

- The City decreased spending in the Street Capital Projects fund in 2011, down $3.8M from 2010. Fund balance increased with the debt issue in fiscal year 2011, which added $17M to the fund for street projects beginning in fiscal year 2012.

- The City's water and sewer fund net assets of $546.4M increased by $26.6M over the prior year net asset balance. The increase in net assets is primarily due to operating revenues exceeding expenses by $41.7M.

- 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 2011; storm water fee revenues exceeded fund expenses by $6.1M, increasing fund balance to $70.9M at the end of the fiscal year.

GENERAL FUND BUDGET HIGHLIGHTS

During fiscal year 2011, there were budgeted amendments in the General Fund to increase Community Services expenditures to hire one Code Compliance Officer I in Animal Services in the amount of $43,000. The increase was offset by salary savings and no changes to the overall General Fund appropriation were made.

Actual expenditures on a budgetary basis of $192.6M were less than budgeted expenditures of $198.1M. Spending that came in under estimates in General Government and Public Safety accounted for a majority of the savings.

Revenues on a budgetary basis exceeded expectations of $197.7M by a net $4.7M. Some revenues, including property tax collections, leases, rents and concessions, and licenses and permits, exceeded budgetary expectations by $1-4M each. Others, including service charges and utility franchise fees were $1-4M under expected levels.

ECONOMIC FACTORS AND FISCAL YEAR 2012

The City's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates, and fees that will be charged for the business-type activities. While several key economic indicators seem indicate the City is still well entrenched in an economic downturn, revenues from sales tax are doing better than expected. Property taxes are estimated to be flat compared to 2011, and while sales tax receipts appear to be recovering, the City is experiencing stabilization of major revenue sources, but no significant increases. Home sales are sluggish and unemployment remains a serious issue. These trends, coupled with increased benefit costs, place pressure on the City to reduce expenses and maintain services. The City continues to focus on strategic, creative and innovative methods to minimize structural impacts while reducing costs.

The City's total General Fund revenues for 2012 are budgeted at $199.4M, up $1.8M from 2011, while total General Fund expenditures are expected to be $200.7M, up $5.7M from 2011.

The General Fund's largest single revenue source is property taxes. This revenue represents 37.1% of the General Fund budget. The property tax rate for 2012 is $0.6480 per $100 valuation, unchanged since 2004. The tax rate is broken into two pieces, operations and maintenance, $0.4393 per $100 valuation, to the General Fund, and interest and sinking, $0.2087 per $100 valuation, for debt service. The General Fund property tax revenue for 2012 is estimated to be $74M, up $1M (1.4%) from last year's estimate.

The City's portion of the sales tax rate is one and three-quarter cents. The General Fund receives one cent, one-quarter cent is dedicated to the Street Maintenance Fund, and one-half cent provides for debt service for the Cowboy Project debt. Sales tax revenue for the General Fund for fiscal year 2012 is estimated at $47.5M, a 1.0% increase from 2011.

The largest revenue sources for the Water and Sewer Fund is water sales and wastewater treatment budgeted at $116.3M. The City maintains a rate structure designed to ensure that each category of service is self-supporting.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's fiscal accountability. If you have questions about this report or need additional information, contact the Controller, Barbara Whitehorn (barbara.whitehorn@arlingtontx.gov), in the Financial and Management Resources Department, at the City of Arlington, 101 S. Mesquite St., Suite 800, Arlington, TX 76010. The City is also an active member of MSRB's Electronic Municipal Market Access (EMMA), which keeps the Arlington CAFR on file. Additionally, the CAFR can be found on the City's website at http://www.arlingtontx.gov.

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 258,614	$ 41,376	$ 299,990	$ 28,637
Investments	2,041	-	2,041	60,008
Receivables (net of allowance for uncollectibles):				
Taxes	5,031	-	5,031	-
Sales taxes	15,305	-	15,305	-
Trade accounts	124	10,194	10,318	-
Franchise fees	8,476	-	8,476	-
Unbilled trade accounts	-	9,132	9,132	-
Special assessments	179	-	179	-
Accrued interest	1,169	-	1,169	641
Ballpark lease	15,851	-	15,851	-
Settlement agreement	9,863	-	9,863	-
Other	3,643	15	3,658	696
Internal balances	1,349	(1,349)	-	-
Due from other governments	9,100	-	9,100	-
Deferred charge - issuance costs	6,411	-	6,411	-
Inventory of supplies	1,520	461	1,981	-
Prepaid expenses	81	-	81	23
Net other post employment benefit asset	316	-	316	-
Restricted assets-				
Bond contingency-				
Investments	-	12,178	12,178	-
Accrued interest receivable	-	20	20	-
Capital construction-				
Investments	-	59,850	59,850	-
Escrow	-	8,840	8,840	-
Meter deposits-				
Investments	-	4,904	4,904	-
Closure/Post-closure trust fund				
Investments	7,276	-	7,276	-
Capital Assets-				
Land	209,397	6,991	216,388	-
Buildings and improvements	1,258,998	2,833	1,261,831	563
Water and sewer system	-	704,836	704,836	-
Machinery and equipment	80,499	11,373	91,872	954
Infrastructure	776,945	-	776,945	-
Drainage systems	-	81,635	81,635	-
Construction in progress	117,637	83,812	201,449	-
Accumulated depreciation	(794,347)	(263,463)	(1,057,810)	(888)
Total Assets	$ 1,995,478	$ 773,638	$ 2,769,116	$ 90,634

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2011
(CONTINUED)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
LIABILITIES				
Accounts payable and accrued liabilities	$ 16,273	$ 3,956	$ 20,229	$ 1,092
Retainage payable	943	-	943	-
Accrued interest	3,301	-	3,301	-
Unearned revenue	6,839	-	6,839	2,736
Commercial paper	12,900	-	12,900	-
Payable from restricted assets-				
Accounts payable and accrued liabilities	-	1,311	1,311	-
Retainage payable	-	910	910	-
Accrued interest	-	1,747	1,747	-
Meter deposits	-	4,904	4,904	-
Non-current liabilities				
Due within one year:				
Estimated claims payable	6,269	-	6,269	-
Sales tax payable	223	-	223	-
General obligation and certificates of obligation debt	27,370	-	27,370	-
Special tax revenue debt	7,695	-	7,695	-
Accrued compensated absences	1,254	154	1,408	-
Capital lease obligation	67	-	67	-
Revenue bonds	-	11,308	11,308	-
Due in more than one year:				
Estimated claims payable	5,224	-	5,224	-
Sales tax payable	55	-	55	-
Net other post-employment benefit obligation	20,731	-	20,731	-
Net pension obligation	17,717	-	17,717	-
General obligation and certificates of obligation debt	292,256	-	292,256	-
Special tax revenue debt	254,516	-	254,516	-
Landfill closure accrued liabilities	7,276	-	7,276	-
Accrued compensated absences	24,391	1,439	25,830	-
Capital lease obligation	17	-	17	-
Revenue bonds	-	131,947	131,947	-
Total Liabilities	705,317	157,676	862,993	3,828
NET ASSETS				
Invested in capital assets, net of related debt	1,165,492	543,702	1,709,194	629
Restricted for debt service	36,501	19,706	56,207	-
Restricted for use of impact fees	6,497	-	6,497	-
Restricted for housing assistance	-	-	-	2,438
Restricted for endowments	-	-	-	78,806
Unrestricted	81,671	52,554	134,225	4,933
Total Net Assets	$ 1,290,161	$ 615,962	$ 1,906,123	$ 86,806

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

ARLINGTON

CITY OF ARLINGTON, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government:				
Governmental Activities:				
General government	$ 74,285	$ 21,810	$ -	$ 1,264
Public safety	135,371	21,131	9,644	-
Public works	71,828	1,153	1,511	1,277
Public health	3,892	2,775	1,310	-
Parks and recreation	28,663	9,999	10	84
Public welfare	11,897	215	10,980	-
Convention and event services	6,194	2,975	-	-
Interest and fiscal charges	29,890	-	-	-
Total Governmental Activities	362,020	60,058	23,455	2,625
Business-Type Activities:				
Water and sewer	84,270	123,442	-	1,120
Storm water utility	4,861	10,492	-	-
Total Business-Type Activities	89,131	133,934	-	1,120
Total Primary Government	$ 451,151	$ 193,992	$ 23,455	$ 3,745
Component Units:				
Arlington Housing Authority	$ 28,733	$ -	$ 27,449	$ -
Arlington Convention and Visitors Bureau	4,155	4,201	-	-
Arlington Tomorrow Foundation	1,777	-	-	-
Arlington Housing Finance Corporation	43	-	59	-
Total Component Units	$ 34,708	$ 4,201	$ 27,508	$ -

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 decrease in fair value of investments
- Other

Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning
Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (51,211)	$ -	$ (51,211)	$ -
(104,596)	-	(104,596)	-
(67,887)	-	(67,887)	-
193	-	193	-
(18,570)	-	(18,570)	-
(702)	-	(702)	-
(3,219)	-	(3,219)	-
(29,890)	-	(29,890)	-
(275,882)	-	(275,882)	-
-	40,292	40,292	-
-	5,631	5,631	-
-	45,923	45,923	-
$ (275,882)	$ 45,923	$ (229,959)	$ -
$ -	$ -	$ -	$ (1,284)
-	-	-	46
-	-	-	(1,777)
-	-	-	16
$ -	$ -	$ -	$ (2,999)
109,807	-	109,807	-
85,345	-	85,345	-
449	-	449	-
1,443	-	1,443	-
102	-	102	-
3,675	-	3,675	-
7,889	-	7,889	-
27,260	-	27,260	-
5,156	855	6,011	1,952
(1,255)	(105)	(1,360)	821
8,296	-	8,296	12,589
15,348	(15,348)	-	-
263,515	(14,598)	248,917	15,362
(12,367)	31,325	18,958	12,363
1,302,528	584,637	1,887,165	74,443
$ 1,290,161	$ 615,962	$ 1,906,123	$ 86,806

CITY OF ARLINGTON, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Street Capital Projects	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 54,271	$ 33,301	$ 61,020	$ 86,342	$ 234,934
Closure/Post-closure restricted cash	7,276	-	-	-	7,276
Receivables (net of allowance for uncollectibles)					
Taxes	2,819	534	-	1,678	5,031
Sales taxes	8,730	4,383	-	2,192	15,305
Franchise fees	8,476	-	-	-	8,476
Special assessments	-	-	179	-	179
Accrued interest	794	367	-	-	1,161
Lease and settlement agreements	25,714	-	-	-	25,714
Other	2,891	-	-	752	3,643
Due from other funds	8,625	-	-	-	8,625
Due from other governments	-	-	-	9,100	9,100
Inventory of supplies, at cost	1,228	-	-	245	1,473
Total Assets	$ 120,824	$ 38,585	$ 61,199	$ 100,309	$ 320,917
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 10,292	$ 455	$ 1,094	$ 4,238	$ 16,079
Retainage payable	3	-	331	609	943
Due to other funds	-	-	-	8,625	8,625
Deferred revenue-					
Taxes	2,496	-	-	-	2,496
Closure/Post-closure trust fund	7,276	-	-	-	7,276
Landfill	6,173	-	-	-	6,173
Gas lease	-	-	-	292	292
Lease and settlement agreements	25,714	-	-	-	25,714
Other	2,095	-	179	1,830	4,104
Commercial paper	-	-	8,400	4,500	12,900
Total Liabilities	54,049	455	10,004	20,094	84,602
Fund Balances:					
Nonspendable:					
Inventory	1,228	-	-	245	1,473
Prepaids	16	-	-	-	16
Restricted for:					
Debt Service	-	38,130	-	-	38,130
Capital Projects	-	-	51,195	12,449	63,644
Other purposes	-	-	-	29,128	29,128
Committed to:					
Utility rate case	500	-	-	-	500
Capital Projects	1,122	-	-	21,934	23,056
Other purposes	-	-	-	17,152	17,152
Assigned to:					
Encumbrances	5,613	-	-	-	5,613
Working capital	16,054	-	-	-	16,054
Subsequent years' expenditures	5,944	-	-	-	5,944
Compensated absences	1,252	-	-	-	1,252
Other post employment benefits	1,718	-	-	-	1,718
Future initiatives	21,487	-	-	-	21,487
Dispatch	380	-	-	-	380
Information Technology	774	-	-	-	774
Business continuity	4,538	-	-	-	4,538
Other purposes	56	-	-	1,567	1,623
Unassigned	6,093	-	-	(2,260)	3,833
Total Fund Balances	66,775	38,130	51,195	80,215	236,315
Total Liabilities and Fund Balances	$ 120,824	$ 38,585	$ 61,199	$ 100,309	$ 320,917

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

CITY OF ARLINGTON, TEXAS
RECONCILIATION OF THE STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
AS OF SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

Total fund balance per balance sheet			$ 236,315
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (excluding $12,508 recorded in the internal service funds).			1,636,621
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
	Deferred & Unearned	Unearned	
Taxes	$ 2,496	$ -	
Closure/Post-closure	7,276	-	
Landfill	6,173	6,173	
Gas lease	292	292	
Grant revenue	1,295	374	
Ballpark lease	15,851	-	
Settlement	9,863	-	
Other	2,809	-	
	46,055	6,839	39,216
Internal service funds are used by management to charge the cost of fleet services, general services, APFA, technology services, workers' compensation and group health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			27,752
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 $11,541 recorded in the internal service funds).			
Bonds payable		$ (580,370)	
Less: Deferred charge for issuance costs (to be amortized as interest expense)		6,411	
Premium general obligation debt		(11,385)	
Discount on bonds		3,412	
Deferred loss refunding		6,506	
Accrued interest payable		(3,301)	
Current year accrued interest payable		351	
Sales tax payable		(278)	
Landfill closure		(7,276)	
Compensated absences		(25,597)	
Net other post-employment benefit obligation		(20,731)	
Net other post-employment asset		316	
TMRS net pension obligation		(17,717)	
Capital leases		(84)	(649,743)
Net assets of governmental activities			$ 1,290,161

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, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	General	Debt Service	Streets Capital Projects	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Taxes	$ 122,816	$ 64,019	$ -	$ 22,242	$ 209,077
Licenses and permits	7,146	-	-	-	7,146
Utility franchise fees	27,260	-	-	-	27,260
Fines and forfeitures	15,194	-	-	-	15,194
Leases, rents and concessions	6,791	2,000	-	-	8,791
Service charges	6,904	-	-	13,932	20,836
Interest revenue	2,209	1,530	522	743	5,004
Net decrease in fair value of investments	(200)	(683)	(138)	(180)	(1,201)
Contributions	944	-	1,215	84	2,243
Intergovernmental revenues	1	-	-	23,016	23,017
Gas lease royalty	-	-	-	7,863	7,863
Gas lease other	-	-	-	413	413
Other	205	286	345	5,990	6,826
Total Revenues	189,270	67,152	1,944	74,103	332,469
EXPENDITURES					
Current-					
General government	36,369	-	-	5,143	41,512
Public safety	117,785	-	-	10,734	128,519
Public works	19,947	-	-	24,056	44,003
Public health	1,693	-	-	2,044	3,737
Public welfare	-	-	-	11,045	11,045
Parks and recreation	13,711	-	-	10,264	23,975
Convention and event services	-	-	-	6,194	6,194
Capital outlay	-	-	11,223	15,166	26,389
Debt service-					
Principal retirement	-	61,785	-	-	61,785
Redemption premium	-	1,116	-	-	1,116
Interest and fiscal charges	-	28,703	-	-	28,703
Total Expenditures	189,505	91,604	11,223	84,646	376,978
Excess (deficiency) of revenues over (under) expenditures	(235)	(24,452)	(9,279)	(10,543)	(44,509)
OTHER FINANCING SOURCES (USES)					
Proceeds from bond sale	-	5	12,730	770	13,505
Proceeds from refunding bond issue	-	36,765	4,300	-	41,065
Amount used for refunding bond refunding escrow	-	(39,252)	-	-	(39,252)
Bond premium	-	2,318	-	-	2,318
Proceeds from Certificates of Obligation	-	-	-	1,770	1,770
Transfers in	17,237	4,050	-	10,482	31,769
Transfers out	(16,794)	-	-	(7,026)	(23,820)
Total Other Financing Sources and Uses	443	3,886	17,030	5,996	27,355
Net Change in Fund Balances	208	(20,566)	7,751	(4,547)	(17,154)
Fund Balances, October 1,	66,567	58,696	43,444	84,762	253,469
Fund Balances, September 30	$ 66,775	$ 38,130	$ 51,195	$ 80,215	$ 236,315

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, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

Net change in fund balance - total governmental funds		$ (17,154)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		27,665
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.		(59,209)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		317
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Interest on bond payoff	(1,912)	
Repayment of general obligation debt	61,785	
Proceeds from issuance of bonds	(17,088)	
Repayment of capital lease	64	
Amortization of deferred loss on bond refunding	(878)	
Amortization of bond premium	1,148	
		43,119
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	560	
Arbitrage	75	
Accrued interest expense	(974)	
Post-employment benefit obligation expense	(3,675)	
Post-employment benefit asset	124	
TMRS net pension obligation	(3,451)	
Amortization of issuance cost	(333)	
Sales tax	224	
		(7,450)
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.		345
Change in net assets of governmental activities		$ (12,367)

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			
	Water and Sewer	Storm Water Utility	Total	Governmental Activities- Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 13,033	$ 28,342	$ 41,375	$ 23,680
Investments	-	-	-	2,041
Receivables (net of allowances for uncollectibles):				
Trade accounts	9,360	835	10,195	124
Unbilled trade accounts	8,622	510	9,132	-
Accrued interest	-	-	-	8
Other	15	-	15	81
Inventory of supplies, at cost	461	-	461	47
Subtotal	31,491	29,687	61,178	25,981
Restricted Assets:				
Bond contingency-cash and cash equivalents	5,706	-	5,706	-
Capital construction-cash and cash equivalents	15,238	-	15,238	-
Total Current Assets	52,435	29,687	82,122	25,981
Non-Current Assets:				
Restricted Assets:				
Bond contingency-				
Investments	6,472	-	6,472	-
Accrued interest	20	-	20	-
Capital construction-				
Investments	44,612	-	44,612	-
Escrow	8,840	-	8,840	-
Meter deposit investments	4,904	-	4,904	-
Capital Assets:				
Land	6,991	-	6,991	-
Buildings and improvements	2,833	-	2,833	467
Water and sewer system	704,836	-	704,836	-
Machinery and equipment	11,373	-	11,373	40,417
Drainage system	-	81,635	81,635	-
Construction-in-progress	66,242	17,570	83,812	-
Accumulated depreciation	(233,460)	(30,003)	(263,463)	(28,376)
Total Capital Assets Net of Accumulated Depreciation	558,815	69,202	628,017	12,508
Total Noncurrent Assets	623,663	69,202	692,865	12,508
Total Assets	$ 676,098	$ 98,889	$ 774,987	$ 38,489

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

(continued)

CITY OF ARLINGTON, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011
(CONTINUED)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			
	Water and Sewer	Storm Water Utility	Total	Governmental Activities- Internal Service Funds
LIABILITIES				
Current Liabilities:				
Accounts payable and accrued liabilities	$ 3,311	$ 645	$ 3,956	$ 545
Accrued compensated absences	147	7	154	-
Revenue bonds payable from unrestricted assets	6,815	1,280	8,095	-
Capital lease obligation	-	-	-	-
Current Liabilities Payable From Restricted Assets:				
Accounts payable and accrued liabilities	1,311	-	1,311	-
Retainage payable	910	-	910	-
Accrued interest	1,312	435	1,747	-
Estimated claims payable	-	-	-	6,269
Revenue bonds payable	3,213	-	3,213	-
Meter deposits	4,904	-	4,904	-
Total Current Liabilities	21,923	2,367	24,290	6,814
Noncurrent Liabilities:				
Estimated claims payable	-	-	-	5,224
Compensated absences	1,311	128	1,439	48
Revenue bonds payable from restricted assets	-	25,475	25,475	-
Revenue bonds payable from unrestricted assets	106,472	-	106,472	-
Total Noncurrent Liabilities	107,783	25,603	133,386	5,272
Total Liabilities	129,706	27,970	157,676	12,086
NET ASSETS				
Invested in capital assets, net of related debt	501,255	42,447	543,702	12,445
Restricted for debt service	19,706	-	19,706	-
Unrestricted	25,431	28,472	53,903	13,958
Total Net Assets	$ 546,392	$ 70,919	$ 617,311	$ 26,403
Reconciliation to government-wide statements of net assets:				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(1,349)	
Net assets of business-type activities			$ 615,962	

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities Enterprise Funds			
	Water and Sewer	**Storm Water Utility**	**Total**	**Governmental Activities- Internal Service Funds**
Operating Revenues:				
Water sales	$ 70,339	$ -	$ 70,339	$ -
Sewer service	48,076	-	48,076	-
Storm water fee - commercial	-	4,728	4,728	-
Storm water fee - residential	-	5,764	5,764	-
Service charges	-	-	-	23,804
Sundry	5,027	-	5,027	3
Total Operating Revenues	123,442	10,492	133,934	23,807
Operating Expenses:				
Purchase of water	16,531	-	16,531	-
Purchase of sewage treatment	23,987	-	23,987	-
Salaries and wages	11,202	1,314	12,516	423
Employees' retirement	1,837	229	2,066	77
Supplies	3,264	63	3,327	3,752
Maintenance and repairs	3,487	279	3,766	250
Utilities	3,088	8	3,096	56
Claims (net of adjustments)	-	-	-	20,562
Legal and professional	-	-	-	578
Depreciation	13,825	1,716	15,541	3,663
Miscellaneous services	4,528	762	5,290	2,408
Total Operating Expenses	81,749	4,371	86,120	31,769
Operating Income (Loss)	41,693	6,121	47,814	(7,962)
Nonoperating Revenues (Expenses):				
Interest revenue	682	173	855	179
Net increase (decrease) in the fair value of investments	(117)	12	(105)	(54)
Gain on sale of assets	-	-	-	358
Interest expense and fiscal charges	(2,088)	(490)	(2,578)	(8)
Total Nonoperating Revenues (Expenses)	(1,523)	(305)	(1,828)	475
Income (loss) before transfers and contributions	40,170	5,816	45,986	(7,487)
Contributions in aid of construction	1,120	-	1,120	-
Transfers in	-	-	-	9,770
Transfers out	(14,696)	(652)	(15,348)	(2,371)
Change in Net Assets	26,594	5,164	31,758	(88)
Total Net Assets, October 1	519,798	65,755	585,553	26,491
Total Net Assets, September 30	$ 546,392	$ 70,919	$ 617,311	$ 26,403

Net change in net assets - total proprietary funds	$ 31,758
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(433)
Change in net assets of business-type activities	$ 31,325

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, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Business-type Activities-Enterprise Funds			
	Water and Sewer	Storm Water Utility	Total	Governmental Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 121,177	$ 10,348	$ 131,525	$ 23,896
Cash payments to suppliers	(53,799)	(505)	(54,304)	(25,508)
Cash payments to employees	(13,262)	(1,560)	(14,822)	(567)
Net Cash Provided By (Used For) Operating Activities	54,116	8,283	62,399	(2,179)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	-	-	9,770
Transfers out	(14,696)	(652)	(15,348)	(2,290)
Net Cash Provided By (Used For) Noncapital Financing Activities	(14,696)	(652)	(15,348)	7,480
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(18,134)	(17,044)	(35,178)	(5,031)
Principal payments on capital lease	-	-	-	(191)
Interest payments on capital lease	-	-	-	(8)
Proceeds from sales of capital assets	-	-	-	377
Proceeds from issuance of long-term debt	5,045	26,865	31,910	-
Repayment of long-term debt	(7,504)	-	(7,504)	-
Interest payment long-term debt	(4,393)	-	(4,393)	-
Net Cash Provided By (Used For) Capital And Related Financing Activities	(24,986)	9,821	(15,165)	(4,853)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from interest earnings	820	173	993	184
Net increase (decrease) in the fair value of investments	(117)	12	(105)	(54)
Purchase of investments	(97,766)	-	(97,766)	-
Maturities/sales of investments	78,591	-	78,591	2,024
Net Cash Provided By (Used For) Investing Activities	(18,472)	185	(18,287)	2,154
Net Increase (Decrease) In Cash And Cash Equivalents	(4,038)	17,637	13,599	2,602
Cash And Cash Equivalents, October 1	38,014	10,705	48,719	21,077
Cash And Cash Equivalents, September 30	$ 33,976	$ 28,342	$ 62,318	$ 23,679
Reconciliation of operating income to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 41,693	$ 6,121	$ 47,814	$ (7,962)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:				
Depreciation	13,825	1,716	15,541	3,663
Interest earnings capitalized	(129)	-	(129)	-
Interest expense capitalized	2,216	-	2,216	-
Amortization of bond premium	238	110	348	-
Amortization of deferred loss on bond refunding	(164)	-	(164)	-
Provision for bad debts	(141)	(6)	(147)	-
(Increase) decrease in-				
Receivables	(1,982)	(144)	(2,126)	89
Inventory of supplies	(41)	-	(41)	24
Prepaid expenses	-	-	-	(81)
Increase (decrease) in-				
Accounts payable and accrued liabilities	143	529	672	155
Estimated claims payable	-	-	-	2,008
Retainage payable	(1,307)	(10)	(1,317)	-
Meter deposits	50	-	50	-
Accrued compensated absences	(285)	(33)	(318)	(75)
Total adjustments	12,423	2,162	14,585	5,783
Net Cash Provided By (Used For) Operating Activities	$ 54,116	$ 8,283	$ 62,399	$ (2,179)
Noncash investing, capital, and financing activities:				
Contributions of capital assets from developers	1,120	-	1,120	-

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	$ -	$ 6,877
Investments		
Money market fund	31,021	-
Corporate bonds	1,678	-
Fixed income mutual bond funds	11,861	-
Common stock mutual bond funds	46,316	131
Balanced mutual funds	13,671	-
Participant borrowing	4,853	-
Self directed brokerage accounts	2,496	-
Total Investments	111,896	131
Total Assets	$ 111,896	$ 7,008
LIABILITIES		
Accounts payable and accrued liabilities	$ -	$ 6,877
IRC 401 deferred compensation plans	-	131
Total Liabilities	$ -	$ 7,008
NET ASSETS		
Held in trust for pension benefits	$ 111,896	

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

CITY OF ARLINGTON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds
ADDITIONS	
Employer contributions	$ 2,883
Employee contributions	5,815
Net appreciation in fair value of investments	2,674
Total Additions	11,372
DEDUCTIONS	
Benefits	9,579
Plan administration	88
Total Deductions	9,667
Increase in Net Assets	1,705
Net Assets, October 1	110,191
Net Assets, September 30	$ 111,896

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

ARLINGTON

CITY OF ARLINGTON, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

A. Financial Statement Presentation

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

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

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

B. Reporting Entity

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

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

presented in a separate column from the primary government or blended with the financial statements of the primary government.

Arlington Property Finance Authority, Inc.

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

Arlington Convention Center Development Corporation

Arlington Convention Center Development Corporation (the “ACCDC”) was formed to encourage and assist with planning, designing, constructing and maintaining a convention center complex or hotel facility. The City Council serves as the board of directors. The ACCDC has had no financial transactions and therefore does not have financial statements.

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

Arlington Housing Authority

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

Arlington Convention and Visitors Bureau, Inc.

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

Arlington Tomorrow Foundation

The Arlington Tomorrow Foundation (The “ATF”) oversees an endowment fund created by natural gas revenues to be used for the benefit of the Arlington community. The ATF’s board of directors is appointed by the Mayor. The ATF’s management is designated by the City, and City employees are responsible for the daily activities of the ATF; accordingly, the City has financial accountability over ATF’s activities. Separate ATF component unit financial statements are not prepared.

Arlington Housing Finance Corporation

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

Arlington Industrial Development Corporation

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

C. Government-wide and Fund Financial Statements

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

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

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise fees, intergovernmental revenues, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, Debt Service Fund and Street Capital Projects Fund. The enterprise funds are made up of the Water 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 traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity (Public Safety, Public Works, etc.). Interfund services provided and used are not eliminated in the consolidation.

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

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by

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

D. Measurement Focus and Basis of Accounting

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

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers taxes and other revenue to be available if they are collected within 60 days of the end of the current fiscal period, while grants typically are received within 90 days. Expenditures are recorded when a liability is incurred, as under accrual accounting, except debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, which are recorded only when the liability has matured and payment is due.

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

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

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

The following major funds are used by the City:

1. Governmental Funds:

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

a. General Fund accounts for several of the City's primary services (Public Safety, Public Works, Public Health, Public Welfare, Parks and Recreation, etc.) and is the primary operating unit of the City.

b. Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

3. Other Fund Types:

The City additionally reports for the following Fund types:

a. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost reimbursement basis. These services include printing, mailing and duplicating; fleet services; self insurance; workers' compensation insurance; and group health insurance.

b. Agency Funds are used to account for assets held by the City in an agency capacity for payroll related benefits, escheat property for the state, and other assets held for individuals, local law enforcement agencies and developers.

c. Pension Trust Funds are used to account for the accumulation of resources to be used for the retirement and disability benefit payments to qualified City employees and for thrift savings plans for City employees.

E. Cash, Cash Equivalents and Investments

To facilitate cash management, the operating cash of certain funds and component units is pooled into a cash management pool for the purpose of increasing income through combined investment activities. This cash and investment pool is available for use by all funds and component units except the Trust Funds and the AHA, which maintain separate investments. Each fund's portion of this pool is allocated through its cash and cash equivalent account on the balance sheet. In addition, certain investments are separately held by several of the City's funds. Interest is allocated on a monthly basis to all funds in the investment pool based on their average balance at the end of each month. Interest earned by separate investments is credited to the respective funds.

For purposes of the statement of cash flows, the City considers all unrestricted investments included in its cash management pool to be cash equivalents as these balances are used essentially as demand deposit accounts by the individual funds. Investments included in the cash management pool which are restricted for use are reported as

investments. Additionally, certificates of deposit and temporary investments held separately from the City's cash management pool and which are purchased with original maturities at the time of purchase of three months or less are reported as cash equivalents.

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

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

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

F. Inventories and Prepaid Items

Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

G. Capital Assets

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

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

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

Assets	Years
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 2011, 2,086,517 of interest cost, net of $129,049 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 2011 for the Water and Sewer Fund amounted to approximately $2,087,500 and $681,900, respectively.

I. Arbitrage Liability

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

J. Compensated Absences

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

The City's employees accumulate 1.25 days of sick leave per month with a maximum accrual of 150 days (180 for fire fighters). The full amount of accumulated sick pay up to 120 days maximum is paid if termination is through retirement or death.

Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is typically used to liquidate the liability for governmental activities' compensated absences.

K. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums/ discounts and issuance costs, are deferred and amortized over the life of the bonds using the effective interest method and straight line method, respectively. Bonds payable are reported net of the applicable bond premium or discount.

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

L. 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 or resolution. Assigned fund balances are constrained by the intent to be used for specific purposes, neither restricted nor committed. Assignments are made by City management based on Council direction.

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% ($1/12^{th}$) of annual General Fund expenditures. Total General Fund balances shall be maintained at a minimum of 15% of annual General Fund expenditures.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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 assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City of through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

O. New Accounting Pronouncements

During fiscal year 2011, the City adopted the following Governmental Accounting Standards Board ("GASB") Statements:

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

Statement No. 59, *Financial Instruments Omnibus.* This Statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. This pronouncement had no significant impact on current financial statements.

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

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

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

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

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

Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* which is effective for the City beginning in fiscal year 2013. This Statement standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53,* which is effective for the City beginning in fiscal year 2012. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

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 2011, there were budget amendments in the General Fund to increase Community Services expenditures to hire one Code Compliance Officer I in Animal Services in the amount of $43,000. That increase in expenditures will be offset by reduced General Fund salaries for turnover savings by the same amount. There was also an increase in the authorized appropriation in the Fire Non-Arbitrage Fund by $1,122,000 by appropriating $700,000 of undesignated, unreserved fund balance and an additional $422,000 appropriated from General Fund reserves designated for dispatch services. These appropriations will provide funding for the Fire Department to begin the multi-year process of acquiring a new computer-assisted dispatch (CAD) system. There was an increase in the Street Maintenance Fund appropriations by $2,000,000 which was in the fund's fiscal year-end 2010 balance, to cover increased funding for street repairs and maintenance. Additionally, in the Water Utilities Fund, expenses related to purchases of supplemental water and sewage treatment from the Trinity River Authority and Tarrant Regional Water District, decreased the fund's expenses by $404,621. There was also a decrease in revenue projections by $462,000 related to revised activation and convenience fees, and lower estimates for various other revenues, which will decrease available funding by that amount in the Water Utilities Fund.

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

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

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

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

B. Excess of expenditures over appropriations

For the year ended September 30, 2011, there were no expenses exceeding budget in the aggregate.

C. Deficit fund equity

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

North Texas Council of Governments: ($2,256,000)
Disaster Assistance: ($4,000)

These fund balances will be replenished in 2012 from reimbursements funded by Federal and State Grants.

Additionally, the Police Capital Projects fund has a deficit balance of $104,000. This deficit will be funded through the issuance of permanent improvement bonds and certificates of obligation.

III. DETAILED NOTES ON ALL FUNDS

1. CASH, CASH EQUIVALENTS AND INVESTMENTS

State statutes, the City's Investment Policy and the City's Depository Agreement govern the investments of the City. The City is authorized to invest in United States Treasuries, its agencies or instrumentalities, other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the United States or its agencies and instrumentalities, obligations of Texas and its agencies, counties and cities, and other political subdivisions rated not less than AA, fully insured or collateralized certificates of deposit, fully collateralized repurchase agreements, Guaranteed Investment Contracts, commercial paper rated A-1+, P-1 with an underlying long-term rating of AA or better, government pools and money market funds consisting of any of these securities listed. Major provisions of the City's investment policy include the following: depositories must be FDIC-insured institutions, depositories must fully insure or collateralize all deposits, and investments must be purchased in the name of the City and be delivered to the City's agent for safekeeping.

Deposits - At September 30, 2011, the carrying amount of the City's demand deposits was $30,666,000 (bank balance, $36,327,000). The $30,666,000 balance consisted of a $30,281,000 balance in City Funds and a $385,000 balance in Component Unit Funds. The balance in cash on hand was $70,000 at year end.

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

The City is the beneficiary of a Closure/Post Closure Trust in the amount of $7,276,000. This amount is recorded as an investment in trust and as a landfill closure accrued liability. Under the landfill lease agreement, the lessee must maintain a trust equal to the amount of the City's closure/post closure liability. The lessee contributed $5,154,000 at closing and makes annual contributions of approximately $600,000. The funds in this trust are to be used solely by the City to pay for closure and post closure expenses as they are incurred.

As of September 30, 2011, the City had the following cash, cash equivalents and investments (amounts in thousands):

City Funds	Fair Value	Weighted average Maturity (in days)
Demand Deposits	$30,281	n/a
Cash on Hand	70	n/a
Other Cash in Bank	(62)	n/a
General Operating/Internal Pool	315,896	697
Debt Service and Working Capital Reserve	3,570	510
Dallas Cowboy Complex Development Project Debt Service Reserve	27,167	1,284
Closure/Post-closure trust fund	7,276	1
Self-Insurance	2,041	471
Total City	**$386,239**	

Fiduciary Funds	Fair Value	Weighted average Maturity (in days)
Agency Funds-Internal Pool	$6,901	697
Agency Funds- Cash in Bank	(24)	n/a
Agency Funds- Mutual Funds	131	n/a
Pension Trust Funds – Money Market Fund	31,021	n/a
Pension Trust Funds – Corporate Bonds	1,678	n/a
Pension Trust Funds- Mutual Funds	79,197	n/a
Total Fiduciary Funds	**$118,904**	

Component Units	Fair Value	Weighted average Maturity (in days)
Demand Deposits	$385	n/a
Cash in Bank	4,674	n/a
ATF – Internal Pool	23,578	1,795
ATF – Investments	57,159	697
AHA – Bank Cert. of Deposit	2,849	275
Total Component Units	**$88,645**	
Total Entity – Cash, Cash Equivalents and Investments	**$593,788**	

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

Fund	Maximum Maturity	Maximum WAM
General Operating	3 Years	18 Months
Capital Project	3 Years	18 Months
Working Capital Reserve	5 Years	4 Years
Dallas Cowboy Complex Development Debt Service Reserve	7 Years	7 Years
Debt Service Sinking &Debt Service	7 Years	7 Years
Self-Insurance	7 Years	5 Years
Closure/Post-closure Trust Fund	10 Years	8 Years

Credit Risk. In accordance with its investment policy, the City minimizes credit risk by limiting investments to the safest type of investments. The Arlington Housing Authority's investments in the Federal Home Loan Bank bond was rated AAA by Moody's.

Concentration of Credit Risk. The City's investment policy places the following limits on the amount the City may invest in any one issuer. All securities are AAA rated.

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

As of September 30, 2011 the City's overall portfolio consisted of:

City Funds	Fair Value
Demand Deposits	**$30,281**
Cash on Hand	**70**
Cash in Bank	**(62)**
Federal Home Loan Bank Bonds	**102,462**
Federal Home Loan Mortgage Corp. Bonds	**64,622**
Federal National Mortgage Association Bonds	**71,999**
Federal Farm Credit Bonds	**72,458**
Farmer Mac	**3,729**
Wells Fargo Money Market	**13,019**
TexPool	**2,995**
TexasDaily	**18,269**
TexStar	**1,828**
World Bank	**4,569**
Total City	**$386,239**

Component Units	Fair Value
Demand Deposits	**$385**
Cash in Bank	**4,674**
ATF - Federal Home Loan Bank	**35,676**
ATF - Federal Home Loan Mortgage Corp.	**4,698**
ATF - Federal National Mortgage Association	**5,280**
ATF - Farmer Mac	**6,113**
ATF - Federal Farm Credit	**26,941**
ATF - TexPool	**220**
ATF - TexasDaily	**1,340**
ATF - TexStar	**134**
AHA – Bank Cert. of Deposit	**2,849**
World Bank	**335**
Total Component Units	**$88,645**
Total Entity – Cash, Cash Equivalents and Investments	**$593,788**

Fiduciary Funds	Fair Value
Agency Funds - Cash in Bank	**$(24)**
Agency Funds - Mutual Funds	**131**
Agency Funds - Federal Home Loan Bank	**1,946**
Agency Funds - Federal Home Loan Mortgage Corp.	**1,375**
Agency Funds - Federal National Mortgage Association	**1,545**
Agency Funds – Federal Farm Credit	**1,362**
Agency Funds – Farmer Mac	**80**
Agency Funds - TexPool	**64**
Agency Funds - TexasDaily	**392**
Agency Funds - TexStar	**39**
Pension Trust Funds - Money Market Fund	**31,021**
Pension Trust Funds - Corporate Bonds	**1,678**
Pension Trust Funds - Mutual Funds	**79,197**
World Bank	**98**
Total Fiduciary Funds	**$118,904**

Custodial Credit Risk. State statutes require that all City deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation (FDIC) collateralized by U. S. Government obligations or obligations of Texas and its agencies that have a market value of not less than the principal amount of the deposits or by a Letter of Credit from a Federal Agency.

The City's investments in public funds investment pools include investments in TexPool, TexasDaily and TexStar. These are public funds investment pools operating as an SEC 2a-7 like pool in full compliance with the Public Funds Investment Act. TexPool, TexasDaily and TexStar are rated as AAA money market funds by Standard & Poor's. As of September 30, 2011, the City's investment in TexPool was $3,279,000 with a market value of $3,279,000. The City's investment in TexasDaily was $20,001,000 with a market value of $20,001,000 and the City's investment in TexStar was $2,001,000 with a market value of $2,001,000.

2. PROPERTY TAXES

Property Taxes are levied on October 1 on the assessed value listed as of the prior January 1 and are due and payable at that time. All unpaid taxes attach as a lien on property as of January 1 and become enforceable February 1. Penalties and interest are charged at 7 percent on delinquent taxes beginning February 1 and increase each month to 18 percent on July 1.

Appraised values are established by the Tarrant Appraisal District at 100 percent of estimated market value and certified by the Appraisal Review Board. The assessed value for the tax roll of January 1, 2010, upon which the original FY11 levy was based, was $17,179,112,309.

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

For the fiscal year ended September 30, 2011, the City had a tax rate of $0.6480 ($0.4393 for general government and $0.2087 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 $318,157,160 could be raised per year before the limit is reached, based on the current year's appraised net taxable value of approximately $17,179,112,309.

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

3. COWBOYS COMPLEX DEVELOPMENT PROJECT

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

Stadium Lease - As part of the Funding Agreement, the City entered into a lease agreement with the Cowboys Stadium, L.P. (the "Tenant") for lease of the Complex. The Lease Agreement calls for an initial term of 30 years. Monthly lease payments of $166,666.67 began in June, 2009 for an annualized rental rate of $2 million per year. The Lease Agreement contains several renewal options at guaranteed annual rental payments of $1 million per year for the first 10 years and $1.25 million per year for all remaining renewals. The Lease Agreement also provides the

Tenant with an option to purchase the Complex from the City at the end of the initial lease term and each renewal option thereafter. Under the lease, the Tenant pays for all costs of operation and maintenance of the Complex. The tenant will also make separate annual payments to the City, beginning during the construction period, equal to five percent of the net naming rights revenue, if any, received by the Tenant, capped at $500 thousand per year. There was no such naming rights revenue for the latest fiscal year. The lease is accounted for as an operating lease. The cost of the stadium is $1,109,951,954 with an accumulated depreciation of $56,225,237.

City Debt – In 2005, the City issued $297,990,000 Cowboy Complex Special 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, 2011, outstanding conduit debt was $142,925,000.

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

4. RECEIVABLES

Receivables at September 30, 2011 for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following (amounts expressed in thousands):

	General	Debt Service	Storm Water Utility	Water & Sewer	Street Capital Projects	Other Nonmajor Governmental Funds	Internal Service Funds	Total
Receivables:								
Taxes	$ 8,745	$ 534	$ -	$ -	$ -	$ 1,678	$ -	$ 10,957
Franchise Fees	8,476	-	-	-	-	-	-	8,476
Trade Accounts	-	-	890	11,832	-	-	124	12,846
Unbilled Trade Accounts	-	-	510	8,981	-	-	-	9,491
Special Assessments	-	-	-	-	179	-	-	179
Sales Taxes	8,730	4,383	-	-	-	2,192	-	15,305
Lease and settlement agreements	25,714	-	-	-	-	-	-	25,714
Accrued Interest	794	367	-	-	-	-	8	1,169
Other	2,891	-	-	15	-	752	81	3,739
Gross Receivables	55,350	5,284	1,400	20,828	179	4,622	213	87,876
Less: Allowance for Uncollectibles	(5,926)	-	(56)	(2,831)	-	-	-	(8,813)
Net total Receivables	$ 49,424	$ 5,284	$ 1,344	$ 17,997	$ 179	$ 4,622	$ 213	$ 79,063

5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

(Amounts expressed in thousands)

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 208,407	$ 990	$ -	$ 209,397
Construction in progress-other	125,869	28,766	(36,998)	117,637
Total capital assets, not being depreciated	334,276	29,756	(36,998)	327,034
Capital assets, being depreciated:				
Buildings and improvements	1,244,562	14,585	(149)	1,258,998
Equipment	77,541	7,312	(4,354)	80,499
Infrastructure	758,931	18,014	-	776,945
Total capital assets, being depreciated	2,081,034	39,911	(4,503)	2,116,442
Less accumulated depreciation for:				
Buildings and improvements	123,535	30,527	(41)	154,021
Equipment	58,402	9,277	(4,333)	63,346
Infrastructure	553,667	23,313	-	576,980
Total accumulated depreciation	735,604	63,117	(4,374)	794,347
Total capital assets, being depreciated, net	1,345,430	(23,206)	(129)	1,322,095
Governmental activities capital assets, net	$ 1,679,706	$ 6,550	$ (37,127)	$ 1,649,129

	Balance at Beginning Of Year	Additions	Retirements	Balance at End Of Year
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 6,696	$ 295	$ -	$ 6,991
Construction in progress	73,503	34,907	(24,598)	83,812
Total capital assets, not being depreciated	80,199	35,202	(24,598)	90,803
Capital assets, being depreciated:				
Buildings and improvements	2,833	-	-	2,833
Drainage System	79,845	1,790	-	81,635
Water and sewer system	681,348	23,488	-	704,836
Machinery and equipment	11,219	154	-	11,373
Total capital assets, being depreciated	775,245	25,432	-	800,677
Less accumulated depreciation for:				
Buildings and improvements	1,184	56	-	1,240
Drainage System	28,287	1,716	-	30,003
Water and sewer system	208,268	13,590	-	221,858
Machinery and equipment	10,183	179	-	10,362
Total accumulated depreciation	247,922	15,541	-	263,463
Total capital assets, being depreciated, net	527,323	9,891	-	537,214
Business-type activities capital assets, net	$ 607,522	$ 45,093	$ (24,598)	$ 628,017

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

Governmental activities:	
General Government	$ 27,154
Public Safety	3,547
Parks and recreation	4,387
Public works	24,366
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	3,663
Total depreciation expense – governmental activities	$63,117
Business-type activities:	
Storm Water Utility	1,716
Water and sewer	$ 13,825
Total depreciation expense – business-type activities	$ 15,541

Discretely presented component units:

(amounts expressed in thousands)

	Balance at Beginning of Year	Transfer and Additions	Transfers and Retirements	Balance at End of Year
Arlington Housing Authority, Inc.				
Capital assets, being depreciated:				
Buildings and improvements	$ 563	$ -	$ -	$ 563
Machinery and equipment	354	59	(44)	369
Totla capital assets, being depreciated	917	59	(44)	932
Less accumulated depreciation for:				
Machinery and equipment	(408)	(75)	44	(439)
Total accumulated depreciation	(408)	(75)	44	(439)
Arlington Housing Authority, Inc.				
Capital assets, net	$ 509	$ (16)	$ -	$ 493

	Balance at Beginning of Year	Transfer and Additions	Transfers and Retirements	Balance at End of Year
Arlington Convention and Visitors Bureau, Inc.				
Capital asset, being depreciated:				
Machinery and equipment	$ 659	$ 40	$ (114)	$ 585
Total capital assets, being depreciated	659	40	(114)	585
Less accumulated depreciation for:				
Machinery and equipment	(518)	(46)	114	(450)
Total accumulated depreciation	(518)	(46)	114	(450)
Arlington Convention and Visitors Bureau, Inc.				
Capital assets, net	$ 141	$ (6)	$ -	$ 135

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 842 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, 2010 valuations are contained in the 2010 TMRS comprehensive Annual Financial Report (CAFR), a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153 or accessing the CAFR on line at www.tmrs.com.

Benefits depend upon a sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are 200 percent of the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. Additionally, initiated in 1998, the City provides on an annually repeating basis annuity increases for retirees. In 2011, 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 16.76% of covered payroll for the months in calendar year 2010, and 17.16% for the months in calendar year 2011. 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, 2009 valuation is effective of rates beginning January 1, 2011). 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 $28,051,791 was $3,451,009 higher than the City's contributions.

Annual required contribution (ARC)	$ 27,938,432
Interest	998,631
Adjustment to the ARC	(885,272)
Annual pension cost (expense)	28,051,791
Contribution made	24,600,782
Increase (decrease) in net pension obligation	3,451,009
Net pension obligation beginning of year	14,266,151
Net pension obligation end of year	$ 17,717,160

Three-Year Trend Information

Fiscal Year	Annual Pension Cost	Percentage of APC Contribution	Net Pension Oblibation (Asset)
2011	$28,051,791	87.70%	$17,717,160
2010	$30,917,593	77.43%	$14,266,151
2009	$29,582,321	75.36%	$7,287,773

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

Changes in Actuarial and Amortization Methods:

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as the valuation date, but does not project the potential future liability of provisions adopted by the City. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, The TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually reporting basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 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, 2010, the most recent actuarial valuation date, the plan was 82.7 percent funded. The actuarial accrued liability for benefits was $832,168,294, and the actuarial value of assets was $688,014,565, resulting in an unfunded actuarial accrued liability (UAAL) of $144,153,729. The covered payroll (annual payroll of active employees covered by the plan) was $142,874,528, and the ratio of the UAAL to the covered payroll was 100.9%.

Actuarial Methods and Assumptions:

A summary of actuarial assumptions is as follows:

Actuarial valuation date	12/31/2010
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll
Remaining amortization period	27.1 years (closed)
Asset valuation method	Amortized cost
Investment rate of return	7.0 percent
Projected salry increases	Varies by age and service
Payroll growth	3 percent
Withdrawal rate (low, mid or high) for male/female)	Mid-High/Mid-High
Inflation rate	3 percent
Cost-of-Living-Adjustments	1.5 percent

Thrift Savings Plan

All full-time City employees may participate in the Thrift Savings Plan (the "Thrift"), a single-employer defined contribution plan administered by the Retirement Committee at the City. The plan provisions and contribution savings are adopted and amended by the City Council, within the options available in the federal statutes governing Internal Revenue Code, section 401(k). This voluntary IRS Code 401(k) plan allows all full-time City employees to contribute between 1 percent to 10 percent of their salary with the City matching the first 6 percent of employee contributions at 50 cents to the dollar. Partial vesting of employer contributions begins after three years of participation with full vesting taking place after six years of participation. At September 30, 2011, the Thrift plan was fully funded and the fair market value of plan assets, including accrued interest, was $108,685,000.

The City's total payroll during fiscal 2011 was $149,093,000. The current year contribution was calculated based on a covered payroll of $89,765,000, resulting in a required and actual employer contribution of $2,425,000 and actual employee contributions of $5,746,000. The employer contribution represents 2.70 percent of the covered payroll. The employee contribution represents approximately 6.40 percent of the covered payroll.

There were no material changes to the Thrift plan during fiscal 2011. There were no related-party transactions. The Thrift Plan does not issue separate stand-alone financial statements.

Part-Time Deferred Income Trust

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

As of July 1, 2011, the most recent actuarial valuation date, the plan was 136.9 percent funded. The actuarial accrued liability for benefits was $1,627,923, and the actuarial value of assets was $2,230,389, resulting in an excess funded actuarial accrued liability (EAAL) of $602,466. The covered payroll (annual payroll of active employees covered by the plan) was $2,693,403, and the ratio of the EAAL to the covered payroll was 22.4%.

The contribution rate for employees is 3 percent, and the City’s actuarially determined matching percent is 1.7 percent for fiscal year 2011. For fiscal year 2012, the contribution rate required is zero, however a rate of .5 percent was chosen to provide a cushion for future adverse experience (particularly investment experience which

can be volatile). The City's required contribution rate was determined as part of the July 1, 2011, 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, 2011 actuarial valuation included were (a) 6.50 percent investment return, (b) no inflation rate adjustment, and (c) 4.50 percent salary increases. The accrual basis of accounting is utilized by the PDIT fund. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are financed through investment earnings. Cash and cash equivalents are stated at cost that approximates fair value. Investments are stated at the approximate value of the financial asset based on either the month end price, the last available price, or the last available activity. 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.

Fiscal Year Ending	Annual Pension Cost (APP)	Percentage of ARC Contributed	Net Pension Obligation
9/30/11	$75,000	100.00%	-
9/30/10	$81,000	100.00%	-
9/30/08	$102,000	100.00%	-

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

City contributions for the above plans for the year ended September 30, 2011, are as follows (amounts in thousands):

TMRS	$24,601
THRIFT	2,425
PTDIT	75
	$27,101

IRC 457 Deferred Compensation Plans

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

Statement of Net Assets and Statement of Changes in Net Assets

The Part-Time Deferred Income Trust and Thrift Savings Plans do not issue separate GAAP financial reports. Their financial statements are presented below as of and for the year-ended September 30, 2011 (amounts in thousands):

	Net Assets		
	Part-Time Deferred Income Trust	Thrift Savings Plan	Total
ASSETS			
Investments	$ 2,191	$ 108,685	$ 110,876
Total Assets	2,191	108,685	110,876
NET ASSETS, Held in Trust for Pension Benefits	$ 2,191	$ 108,685	$ 110,876

	Changes in Net Assets		
	Part-Time Deferred Income Trust	Thrift Savings Plan	Total
ADDITIONS			
Employer contributions	$ 75	$ 2,425	$ 2,500
Employee contributions	69	5,746	5,815
Net appreciation in fair value of investments	62	2,589	2,651
Total Additions	206	10,760	10,966
DEDUCTIONS			
Benefits	(101)	(9,252)	(9,353)
Plan administration	(24)	(43)	(67)
Total Deductions	(125)	(9,295)	(9,420)
Increase in Net Assets	81	1,465	1,546
NET ASSETS, October 1	2,110	107,220	109,330
NET ASSETS, September 30	$ 2,191	$ 108,685	$ 110,876

7. OTHER POST EMPLOYMENT BENEFITS

Disability Income Plan

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

Summary of Significant Accounting Policies

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

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

Plan Description and Contribution Information

Membership of the plan consisted of the following at July 1, 2011, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	33
Active plan members	2,298
Total	2,331

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

Contributions. The retirement committee of the City has the authority to establish and amend contribution requirements of the plan. The City's contribution is determined through an actuarial valuation. Per the most recent valuation, the City is contributing at a rate equivalent to 0.30 percent of covered payroll. For the year ended September 30, 2011, the City contributed $383,000 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, 2011, the most recent actuarial valuation date, the plan was 37.9 percent funded. The actuarial accrued liability for benefits was $2,662,505, and the actuarial value of assets was $1,008,170, resulting in an unfunded actuarial accrued liability (UAAL) of $1,654,335. The covered payroll (annual payroll of active employees covered by the plan) was $125,371,177, and the ratio of the UAAL to the covered payroll was 1.3%.

The accompanying schedule of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined

in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

Valuation date	07/01/2011
Actuarial cost method	Entry age normal
Amortization method	Level dollar amortization
Remaining amortization period	20 years (closed)
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return (includes inflation assumption of 4.5%)	6.5 percent
Pay progression	4.5 percent

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

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

Annual required contribution	$ 276
Interest on net OPEB asset	(13)
Adjustment to annual required contribution	(14)
Annual OPEB cost (expense)	249
Contributions made	(373)
Increase in net OPEB asset	(124)
Net OPEB asset - beginning of year	(192)
Net OPEB asset - end of year	$ (316)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for 2011 and the three preceding years are as follows:

Ending	Cost	Contribution	(Asset)
9/30/11	$249,000	149.80%	($316,000)
9/30/10	$305,000	127.21%	($192,000)
9/30/09	$358,000	142.25%	($109,000)
9/30/08	$364,000	100.00%	-

DIP does not issue separate GAAP financial reports. Its financial statements are presented below as of September 30, 2011 (in thousands):

Net Assets	
Assets	
Investments	$ 1,020
Total assets	1,020
Net assets, held in trust for	
Other postemployment benefits	$ 1,020

Changes in Net Assets	
Additions	
Employer contributions	$ 383
Net appreciation in fair value	
Of investments	23
Total additions	$ 406
Deductions	
Benefits	(226)
Plan Administration	(21)
Total deductions	(247)
Increase in net assets	159
Net assets, October 1, 2010	861
Net assets, September 30, 2011	$ 1,020

Retiree Health Insurance

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

An eligible employee can continue their health care coverage in retirement if their age plus service is at least 70 with a minimum age requirement of 50 years and a minimum of ten years of service with the City. Employees hired after December 31, 2005 are not eligible for postretirement health care benefits. As of January 1, 2011, 637 retirees met those eligibility requirements. The City plan has a non-duplication coordination of benefits with Medicare and other primary plans for retirees and/or their dependants.

Retiree Contributions for Pre-2008 Retirees

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

Retiree Contributions for January 1, 2008 and After

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

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

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

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

Annual required contribution	$ 8,658
Interest on net OPEB Obligation	768
Adjustment to annual required contribution	(1,047)
Annual OPEB cost (expense)	8,379
Contributions made	(4,704)
Increase in net OPEB obligation	3,675
Net OPEB obligation – beginning of year	17,056
Net OPEB obligation – end of year	$ 20,731

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the three preceding years are as follows (dollar amounts in thousands):

Fiscal Year Ending	Annual OPEB Cost	Percentage Annual OPEB Contribution	Net OPEB Obligation
9/30/11	$ 8,379	56.14%	$ 20,731
9/30/10	$ 8,398	31.80%	$ 17,056
9/30/09	$ 8,947	26.72%	$ 11,328
9/30/08	$ 8,100	41.09%	$ 4,772

Funded Status and Funding Progress. As of January 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $109.1 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $109.1 million. The covered payroll (annual payroll of active employees covered by the plan) was $95.6 million, and the ratio of the UAAL to the covered payroll was 87.6 percent.

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

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

Valuation date	01/01/2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar, open
Remaining amortization period	30 years
Healthcare Cost trend rate - medical	9% initial (2011)
	5% ultimate (2015)
Healthcare Cost trend rate - prescription	11% initial (2011)
	5% ultimate (2015)
Inflation rate	4.5 percent

Supplemental Death Benefits Plan

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

Funding Policy. Contribution requirements of the participating employers are established and may be amended by the TMRS Board of Trustees. The City is required to contribute at a rate assessed each year by the TMRS Board of Trustees, currently .14 percent of covered payroll. The TMRS Board of Trustees sets the employer contribution rate based on the mortality and service experience of all employees covered by the plan and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. Contributions are made monthly based on covered payroll of employee members of the City. Contributions are utilized to fund active member deaths on a pay-as-you-go basis. Any excess contributions over payments then become net assets available for OPEB. The City's contributions to SDBF for the years ended September 30, 2011, 2010, and 2009, were $201,409, $257,104, and $258,737 respectively, which equaled the required contributions each year.

8. DEBT AND LIABILITIES

General Short-Term Debt

During fiscal 2005, the City authorized a $30,000,000 commercial paper program for interim funding of general obligation debt. The debt will mature on various days over the next several months and will be rolled over. During fiscal 2011 commercial paper of $4,300,000 was paid off from permanent improvement bond refunding.

General short-term debt balances and transactions for the year ended September 30, 2011 are as follows (amounts in thousands):

	Balance October 1, 2010	Additions	Retirements and Other	Balance September 30, 2011
Commercial Paper	$ 17,200	$ -	$ (4,300)	$ 12,900

General Obligation Bonds

On November 1, 2010, the City issued Permanent Improvement Refunding Bonds, Series 2010A of $21.58 million with an interest rate of 2.0 to 4.0 percent and serial maturities on August 15 from 2011 through 2023. Interest on the bonds is due every February and August 15, beginning February 15, 2011. The bonds were issued to refund

certain debt obligations of the City and to pay costs related to the issuance of the bonds. The refunding resulted in a deferred loss of $2,065,910. The Series A bonds mature on August 15 over a period from 2012 to 2023. Interest is payable February 15 and August 15 of each year, commencing August 15, 2011. Total interest requirements for the Series A bonds at a rate from 2.00 to 4.00 percent is $5,727,450 in the aggregate. The following is a breakdown of the refunded obligations (amounts in thousands):

Bonds	Original Dated Date	Original Maturity Date	Interest Rate	Amount Refunded
Combination Tax & Revenue Certificates of Obligation, Series 2001B	3/1/2001	8/15/2012	4.50%	$ 425
Combination Tax & Revenue Certificates of Obligation, Series 2001C	7/1/2001	8/15/2012	4.60	25
		8/15/2013	4.70	25
		8/15/2014	4.70	25
		8/15/2015	4.80	25
		8/15/2016	4.90	25
		8/15/2017	5.00	25
		8/15/2018	5.00	25
		8/15/2019	5.00	25
		8/15/2020	5.00	25
		8/15/2021	5.00	25
				250
Permanent Improvement Bonds, Series 2002	7/15/2002	8/15/2013	4.00	1,190
		8/15/2014	4.20	1,190
		8/15/2015	4.30	1,190
		8/15/2016	4.40	1,190
		8/15/2017	4.50	1,190
		8/15/2018	4.60	1,190
		8/15/2019	4.70	1,190
		8/15/2020	4.75	1,190
		8/15/2021	4.875	1,190
		8/15/2022	5.00	1,190
				11,900
Combination Tax & revenue Certificates of Obligation. Series 2003	7/15/2003	8/15/2019	4.50	375
		8/15/2023	4.75	300
				675
Permanent Improvement & Refunding Bonds, Series 2003	6/15/2003	8/15/2015	5.00	1,550
		8/15/2016	5.00	810
		8/15/2017	5.00	810
		8/15/2018	5.00	810
		8/15/2019	5.00	810
		8/15/2020	5.00	810
		8/15/2021	5.00	810
		8/15/2022	5.00	810
		8/15/2023	5.00	810
				8,030
		Total Refunded Obligations		$21,280

In June, 2011, the City issued $17,805,000 in Permanent Improvement and Refunding Bonds, Series A and $15,185,000 in Permanent Improvement and Refunding Bonds, Series 2011B, for the purpose of refunding a portion of the City's outstanding debt, making various capital improvements, paying the cost of issuance of the bonds, and refunding $4,300,000 of commercial paper notes. The Series A bonds mature on August 15 over a period from 2012 to 2031. Interest is payable February 15 and August 15 of each year, commencing August 15, 2011. Total interest requirements for the Series A bonds at a rate from 2.00 to 4.125 percent is $6,867,394 in the aggregate. The Series B bonds mature on August 15 over a period from 2012 to 2021. Interest is payable February 15 and August 15 of each year, commencing August 15, 2011. Total interest requirement for the Series B bonds at a rate from 2.00 to 2.87 percent is $1,311,068 in the aggregate. The City is amortizing a deferred losses on the 2011B bonds of $513,258. The refunding was undertaken to achieve a present value savings on debt service payments of $926,536. Following is the schedule of refunded obligations (amounts in thousands):

Bonds	Original Dated Date	Original Maturity Date	Interest Rates	Amount Refunded
Commercial Paper Notes	2/8/2010	7/8/2011	0.28%	$ 4,300
Permanent Improvement Refunding Bonds, Series 2001-A	6/1/2001	8/15/2012	5.50%	3,010
		8/15/2013	5.50%	1,670
		8/15/2014	5.50%	1,665
		8/15/2015	4.75%	855
		8/15/2016	5.00%	795
				7,995
Permanent Improvement Bonds, Series 2001-B	6/1/2001	8/15/2012	4.65%	735
		8/15/2013	4.80%	735
		8/15/2014	4.90%	735
		8/15/2015	5.00%	735
		8/15/2016	5.05%	735
		8/15/2017	5.125%	735
		8/15/2021	5.30%	2,940
				7,350
		Total Refunded Obligations		$19,645

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

Purpose	Interest Rates	Amount
Governmental activities	2.5-5.500%	$ 93,375
Governmental activities - refunding	2.0-5.500%	158,075
Total Governmental		$ 251,450

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

Year Ending September 30	Governmental Activities, General Obligation	
	Principal	Interest
2012	$ 23,140	$ 10,401
2013	21,820	9,529
2014	22,645	8,646
2015	22,670	7,719
2016	21,310	6,750
2017-2021	79,525	21,522
2022-2026	41,095	8,744
2027-2031	19,245	1,708
	$ 251,450	$ 75,019

General obligation debt authorized and unissued as of September 30, 2011, amounted to $114,690,000.

Certificates of Obligation

Concurrent with the 2011 Public Improvement and Refunding Bonds, the City issued $1,770,000 in Combination Tax and Revenue Certificates of Obligations, Series 2011 in June. The proceeds from the sale of these certificates are being used to fund municipal airport facilities and taxiways as well as the cost of the issuance. The certificates mature August 15 over the period 2012 to 2031. Interest on the certificates is payable February 15 and August 15, commencing August 15, 2011. Interest on the certificates at a rate of 2.00 to 4.25 percent is $686,347 in the aggregate.

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
2012	$ 4,230	$ 2,634
2013	4,870	2,490
2014	4,810	2,344
2015	4,535	2,198
2016	4,295	2,062
2017-2021	12,630	8,574
2022-2026	13,505	5,735
2027-2031	11,590	2,687
2032-2033	4,820	337
	$ 65,285	$ 29,061

Special Obligation Bonds

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 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 $164,265,000of 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
2012	$ 7,695	$ 13,339
2013	8,000	13,017
2014	7,710	12,652
2015	8,070	12,289
2016	8,530	11,904
2017-2021	65,375	51,913
2022-2026	90,160	32,363
2027-2031	46,345	11,325
2032-2034	21,750	1,394
	$ 263,635	$ 160,196

The City has pledged future revenues consisting of one-half cent sales tax, two percent hotel occupancy tax, five percent car rental tax, future stadium base rental revenue of $2 million per year and five percent of any future naming rights up to a maximum of $500 thousand annually to repay the 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 2011, the City redeemed $17,225,000 of the 2005A Term Bonds maturing August 15, 2034, and $10,275,000 of bonds maturing August 15, 2033. The total principal and interest remaining to be paid on the Cowboys Stadium Bonds is $423,830,000. Principal and interest payments and total pledged revenues for the year ended September 30, 2011 were $22,405,000 and $23,568,000, respectively, exclusive of the redemption.

Revenue Bonds

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

In fiscal year 2011, the City issued Water and Sewer Revenue Bonds in the amounts of $13,885,000 in 2010 bonds and $3,260,000 related to the 2008 debt issue held by the Texas Water Development Board (TWDB) as part of the TWDB Clean and Drinking Water Programs. This brings the total outstanding TWDB balance to $40,650,000. These bonds will mature June 2012 to June 2024 at interest rates to 1.7 percent.

In April, 2011, the City issued $25,600,000 in Municipal Drainage Utility System Revenue Bonds, Series 2011. Proceeds from the sale of these bonds will be used to provide funds for drainage improvements including the acquisition and construction of facilities for the System and to pay cost of issuance associated with the Bonds. These bonds mature June 1 over a period from 2012 to 2031. Interest, at a rate of 3.00 to 4.5 percent, is $11,534,489 in the aggregate.

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

	Business Activities					
	Water/Wastewater		Water/Wastewater TWDB		Storm Water Utility	
Year Ending September 30	Principal	Interest	Principal	Interest	Principal	Interest
2012	7,740	3,137	2,595	768	1,280	1,173
2013	7,255	2,840	2,595	741	1,280	1,002
2014	6,775	2,554	2,595	710	1,280	963
2015	6,720	2,278	2,595	675	1,280	925
2016	6,170	2,007	2,595	638	1,280	874
2017-2021	25,510	6,508	12,975	2,517	6,400	3,574
2022-2026	12,700	2,111	11,930	1,073	6,400	2,192
2027-2031	3,155	256	2,770	114	6,400	832
	76,025	21,691	40,650	7,236	25,600	11,535

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, 2011, net pledged revenues for the water enterprise fund were $56,201,000 and debt service on the revenue bonds was $14,804,071. The same pledge for repayment applies to the City's Storm Water Utility revenue of $8,009,936 for the bonds issued in fiscal year 2011.

Sales Tax Liability

The City received a determination in 2002 by the State of Texas Comptroller's office that the City had received $2,228,186 in sales tax receipts from the Comptroller's office in error over the past several years. The Comptroller's office agreed to allow the City to repay the excess sales tax revenue interest free over a period of ten years through reduced sales tax allocations from the state. The state began withholding $18,568 monthly from the City's sales tax allocations beginning in March 2003. As of September 30, 2011, this liability is reported at $278,522 in the governmental activities.

The following is a summary of long-term liability transactions of the City for the year ended September 30, 2011 (amounts expressed in thousands):

	10/1/2010	Increases	Reductions	9/30/2011	Due Within One Year
Governmental activities:					
General obligation debt	$254,425	$54,570	($57,545)	$251,450	$23,140
Special tax revenue debt	298,550	-	(34,915)	263,635	7,695
Certificates of obligation	69,465	1,770	(5,950)	65,285	4,230
Premium on general bonds	5,697	2,318	(1,642)	6,373	-
Premium on special bonds	5,365	-	(353)	5,012	-
Deferred loss on refunding	(1,644)	(2,579)	740	(3,483)	-
Deferred loss on special bond refund	(3,160)	-	137	(3,023)	-
Discount on special bonds	(3,699)	-	287	(3,412)	-
Net governmental bonds payable	624,999	56,079	(99,241)	581,837	35,065
Compensated absences	26,453	514	(1,322)	25,645	1,254
Capital leases	339	-	(255)	84	67
Arbitrage liability	75	-	(75)	-	-
Claims	9,485	7,224	(5,216)	11,493	6,269
Landfill closure	6,738	538	-	7,276	-
Sales tax	502	-	(224)	278	223
Net other post-employ benefit oblg.	17,056	3,675	-	20,731	-
Net pension oblg.	14,266	3,451	-	17,717	-
Total governmental long-term liabilities	$699,913	$71,481	($106,333)	$665,061	$42,878
Business-type activities:					
Water and sewer bonds	$110,220	$17,145	($10,690)	$116,675	$10,335
Premium on water and sewer bonds	1,573	-	(238)	1,335	-
Deferred loss on refunding	(1,673)	-	164	(1,509)	-
Storm water utility bonds	-	25,600	-	25,600	1,280
Premium on storm water utility bonds	-	1,265	(110)	1,155	-
Net water and sewer bonds payable	110,120	44,010	(10,874)	143,256	11,615
Compensated Absences	1,911	-	(319)	1,592	154
Total business-type long term liabilities	$112,031	$44,010	($11,193)	$144,848	$11,769

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, 2011, previously defeased debt still outstanding amounted to $27,865,000.

10. INTERFUND TRANSACTIONS

A summary of interfund receivables and payables at September 30, 2011, is as follows (amounts in thousands):

Fund	Interfund Receivables	Interfund Payables
General Fund	$8,625	$ -
Nonmajor Funds	-	8,625
	$8,625	$8,625

The General Fund receivable represents cash provided to nonmajor funds and will be reimbursed in 2012.

Transfers between funds during the year were as follows (amounts in thousands):

	Transfers Out	Transfers In
Major Governmental Funds:		
General Fund	$ 16,794	$ 17,237
Debt Service Fund	-	4,050
Total Major Governmental Funds	16,794	21,287
Major Enterprise Fund-Water and Sewer	14,696	-
Major Enterprise Fund-Storm Water Utility	652	-
Other Funds:		
Nonmajor Governmental Funds	7,026	10,482
Internal Service Funds	2,371	9,770
Total All Funds	$41,539	$41,539

The combined Water and Sewer, Storm Water Utility, and Convention and Event Services transferred $4,006,000 to the General Fund to cover their budgeted indirect costs.

The General Fund transferred $9,792,000 to Street Maintenance Fund, Special Transportation (Handitran), Arlington Property Finance Authority, Parks Performance Fund to cover budgeted operating expenses.

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

The Debt Service Fund received transfers of $1,337,000 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 Assets in each period based on landfill capacity used as of each balance sheet date. This liability is offset by an asset recorded for a trust account established for the purpose of paying the closure and post-closure costs as

more fully described below. In 2004 the City received a permit for vertical expansion which increased the capacity and the life of the landfill. The $7,276,000 reported as a landfill closure and post-closure accrued liability at September 30, 2011, represents the cumulative amount reported to date based on the use of approximately 65 percent of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of $1,579,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2011. The City expects to close the landfill in 2028. Actual costs may change due to inflation, changes in technology, or changes in regulations.

On March 18, 2005, the City entered into a contract with Republic Waste Services of Texas, Ltd. (Republic) for a 20 year renewable operating lease of the landfill. The City received an initial payment of $15 million; the remaining balance of deferred revenue of $6,173,000 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, 2011, cash and cash equivalents are held for these purposes.

12. COMMITMENTS AND CONTINGENCIES

Trinity River Authority

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

Grant Audits

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

Construction Commitments

The City has various active construction projects as of September 30, 2011. 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):

Project	Spent-to-Date	Remaining Commitment
Street Construction	$ 51,950	$ 6,635
Park Construction	21,083	631
Police Construction	-	3
Traffic Construction	6,123	2,192
Storm Water Utility Construction	17,570	1,600
Water and Sewer Construction	66,242	19,115
	$ 162,968	$ 30,176

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 accrued a $1,250,000 liability for the fiscal year ended September 30, 2011 to account for agreed-upon settlement of an APFA lawsuit filed against the City in 2002. The City paid the settlement amount in January, 2012, to a bankruptcy trustee with the understanding that after collection of the judgement and repayment of creditors, any excess amount would be returned to the City.

The City is currently involved in several lawsuits that are in appeals, with potential liability for the City; however, the City does not consider these lawsuits to contain a probable likelihood of unfavorable outcomes.

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

Various other claims and lawsuits are pending against the City. In the opinion of City management, the potential losses, in excess of APFA limitations (see Note 13) of insurance coverage, if any, on all claims will not have a materially adverse effect on the City's financial position as a whole.

13. RISK MANAGEMENT

The City's risk management activities are administered through various internal service funds.

Arlington Property Finance Authority (APFA)

The APFA was created for the purpose of acting on the City's behalf in financing various governmental programs as prescribed by ordinance or resolution of the City Council. In October 1986, the City Council adopted an ordinance to establish the City's Self-insurance and Risk Management Program (the "Program"). The purpose of the Program is to provide the City a defined and funded self-insurance program for bodily injury, property damage, personal injury, advertising injury, and regulatory injury.

Annual transfers from the General Fund and the Water Fund based on actuarial projections of Ultimate Losses, are made to support the program. Under the Program Ordinance, the annual surplus on deposit in the APFA Fund may be withdrawn upon order of the City's APFA Claims Board and used for any lawful purpose. The payments out of the APFA Fund for all purposes cannot exceed $1,000,000 per occurrence and $3,000,000 in aggregate in one annual period. Should claims exceed this amount, the excess claims are to be funded by other available City resources.

The APFA claims liabilities are actuarially determined annually to include the effects of specific incremental claims, adjustment expenses, and if probable and material, salvage and subrogation. The actuarially determined liabilities are reported at their present values using an expected future investment yield assumption of 1.0 percent.

Workers' Compensation

The City's workers' compensation plan provides City employees with workers' compensation insurance through the Workers' Compensation Fund (the "WCF"). Under this program, the WCF provides coverage for up to a maximum of $500,000 per claim. The City purchases commercial insurance for claims in excess of coverage provided by the WCF. No settlements have utilized this commercial insurance coverage for the past three years. All City departments participate in the workers' compensation program. Payments to the WCF from such departments are based on actuarial estimates of the amounts needed to pay prior and current year claims and related administrative expenses. The WCF claims liabilities are actuarially determined annually to take into consideration recently settled claims, the frequency of claims and other economic and social factors. The actuarially determined liabilities are reported at their present values using an expected future investment yield assumption of 1.0 percent.

Group Health

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

Changes in the balances of claims liabilities during fiscal 2011 and 2010 were as follows (amounts in thousands):

	Workers Compensation		Health		APFA	
	2011	2010	2011	2010	2011	2010
Unpaid claims, Oct 1	$ 5,243	$ 5,306	$ 1,814	$ 1,694	$ 2,428	$ 2,748
Incurred Claims (including IBNRs and changes in estimates)	3,955	1,412	15,652	18,238	2,963	(147)
Claim payments	(2,902)	(1,475)	(15,676)	(18,118)	(1,984)	(173)
Unpaid claims, Sept 30	$ 6,296	$ 5,243	$ 1,790	$ 1,814	$ 3,407	$ 2,428

14. LEASES

A. As Lessee

As lessee, the City is committed under a lease for a building. This lease is considered for accounting purposes to be a capital lease. The liability for future capital lease payments totals approximately $84,000 and is reported as capital lease obligations current liabilities (approximately $67,000) and capital lease obligations non-current liabilities (approximately $17,000) in the General Fund.

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

Year ending September 30, 2011	Rental Payments
2012	70
2013	17
Total minimum future lease payments	87
Less: Amount representing interest	(3)
Present value of net minimum lease payments	$84

The City's investment in equipment under capital lease arrangements as of September 30, 2011 is $322,000.

B. As Lessor

Effective October 1, 1983, the City entered into a contract to lease a tract of land for the purpose of constructing and developing a hotel. The term of the lease is for an initial period of fifty years with renewal options for two additional terms of fifteen years each. The rental payments are based upon a percentage (ranging from 1.0 percent - 1.75 percent) of gross revenues (as defined in the agreement) through December 31, 2006. After December 31, 2006, the lessee shall pay the total annual rent of $250,000. For each year thereafter the lessee shall pay an annual rent amount equal to the previous year's rent plus an increase not to exceed the effective percentage change in the Consumer Price Index (Specifically CPI-U for Dallas-Fort Worth region) for the previous 12 month period. Total rental payments received in 2011 were approximately $265,375.

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:

Year	Amount
2011	$ 1,000,000
2012	1,000,000
2013	1,000,000
2014	1,000,000
2015	1,000,000
2016 to 2020	5,000,000
2021 to 2024	4,000,000
	14,000,000
Less Discount	4,137,000
	$9,863,000

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

16. CAPITAL LEASE

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

Pursuant to applicable accounting standards, the lease of the Facility to the Rangers has been accounted for as a capital lease.

Minimum future rentals are as follows:

September 30	
2012	$ 2,000,000
2013	2,000,000
2014	2,000,000
2015	2,000,000
2016	2,000,000
2017-2021	10,000,000
2022-2024	5,055,556
	25,055,556
Less Discount	9,204,607
Minimum future lease rentals	$15,850,949

17. CONDENSED COMPONENT UNIT INFORMATION

The City includes five discretely presented component units in its reporting entity (see note I.B.). Condensed component unit information for the year ended September 30, 2011, for all discretely presented component units is as follows (amounts in thousands):

Condensed Schedule of Net Assets

	Arlington Tomorrow Foundation	Housing Authority	Other Discretely Presented Component Units	Total Discretely Presented Component Units
Current and other assets	$81,523	$ 7,628	$854	$ 90,005
Capital assets	-	493	136	629
Total assets	81,523	8,121	990	90,634
Other liabilities	2,717	874	237	3,828
Total liabilities	2,717	874	237	3,828
Net assets:				
Invested in capital assets, net of related debt	-	493	136	629
Restricted	78,806	2,438	-	81,244
Unrestricted	-	4,316	617	4,933
Total net assets	$78,806	$7,247	$753	$86,806

Condensed Schedule of Activities

	Arlington Tomorrow Foundation	Housing Authority	Other Discretely Presented Component Units	Total Discretely Presented Component Units
Expenses	$1,777	$28,733	$4,198	$34,708
Program Revenues:				
Charges for services	-	-	4,201	4,201
Operating grants and contributions		27,449	59	27,508
Net Program (Expense) Revenue	(1,777)	(1,284)	62	(2,999)
Interest Revenues	1,893	55	4	1,952
Other NonTax General Revenues	12,474	937	(1)	13,410
Change in Net Assets	12,590	(292)	65	12,363
Net Assets, October 1,	66,216	7,539	688	74,443
Net Assets, September 30	$78,806	$ 7,247	$ 753	$86,806

18. SUBSEQUENT EVENTS

There were no material subsequent events as of January 31, 2012.

ARLINGTON

CITY OF ARLINGTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Taxes	$ 122,238	$ 122,238	$ 122,816	$ 3,474	$ 126,290	$ 4,052
Licenses and permits	4,763	4,763	7,146	-	7,146	2,383
Utility franchise fees	35,219	35,219	27,260	7,092	34,352	(867)
Fines and forfeitures	14,270	14,270	15,194	-	15,194	924
Leases, rents and concessions	5,620	5,620	6,791	-	6,791	1,171
Service charges	13,546	13,546	6,904	2,317	9,221	(4,325)
Interest revenue	651	651	2,209	-	2,209	1,558
Other revenue	1,319	1,319	1,150	-	1,150	(169)
Net increase (decrease) in the fair value of investments	-	-	(200)	200	-	-
Total Revenues	197,626	197,626	189,270	13,083	202,353	4,727
EXPENDITURES						
Current-						
General government	39,663	39,698	36,369	763	37,132	2,566
Public safety	120,979	120,970	117,785	53	117,838	3,132
Public works	22,007	21,966	19,947	1,922	21,869	97
Public health	1,736	1,736	1,693	6	1,699	37
Parks and recreation	13,665	13,680	13,711	335	14,046	(366)
Total Expenditures	198,050	198,050	189,505	3,079	192,584	5,466
Excess Of Revenues Over Expenditures	(424)	(424)	(235)	10,004	9,769	10,193
OTHER FINANCING SOURCES (USES)						
Transfers in	10,055	10,055	17,237	(12,828)	4,409	(5,646)
Transfers out	(9,622)	(9,622)	(16,794)	6,915	(9,879)	(257)
Total Other Financing Sources (Uses)	433	433	443	(5,913)	(5,470)	(5,903)
Net Change In Fund Balances	9	9	208	4,091	4,299	4,290
Fund Balances, October 1	66,567	66,567	66,567	-	66,567	-
Fund Balances, September 30	$ 66,576	$ 66,576	$ 66,775	$ 4,091	$ 70,866	$ 4,290

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL (UAAL)	Funded Percent	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/10	$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%

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess Funded AAL (EAAL)	Funded Percent	Annual Covered Payroll	EAAL as a Percentage of Covered Payroll
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	10.9%

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

Fiscal Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
9/30/11	$ 75,000	100.00%	-
9/30/10	81,000	100.00%	-
9/30/09	102,000	100.00%	-
9/30/08	112,000	100.00%	-
9/30/07	114,000	100.00%	-
9/30/06	67,000	100.00%	-

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/11	$1,008	$2,663	37.9%	$ (1,654)	$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%

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

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funded Ratio	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/11	-	109.0	-	109.0	Not available	Not available
1/1/10	-	100.9	-	100.9	99.5	101.4%
1/1/09	-	104.5	-	104.5	106.0	98.6%

ARLINGTON

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 TRANSPORATION FUND - This fund accounts for money received from the State Department of Highways and Public Transportation and summarizes related expenditures for statewide transportation enforcement programs.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND - This fund accounts for money received from the Federal Department of Housing and Urban Development through the block grant program. These funds are used to help the City as a whole and specific sectors for various projects as allowable in the grant funding guidelines.

HOME INVESTMENT PARTNERSHIP FUND - This fund accounts for money received from the Federal Department of Housing and Urban Development through the HOME program grant. These funds are to expand the supply of decent, affordable housing for the low and very-low income families in Arlington.

FEDERAL EMERGENCY MANAGEMENT AGENCY FUND - This fund accounts for money received from the Department of Homeland Security. These funds are used to support the Emergency Operations Center.

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

US DEPARTMENT OF JUSTICE FUND - This fund accounts for money received from the U S Department of Justice and related expenditures for various law enforcement and criminal justice related projects.

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

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

OTHER SPECIAL REVENUE FUNDS - Other Special Revenue Funds consist of special revenue funds which are individually insignificant to the Special Revenue Fund's assets, liabilities, revenues, expenditures, and fund balance as a whole. These funds are the Texas Department of Aviation, Federal Drug Enforcement Administration, North Central Texas Council of Governments, Emergency Physicians' Advisory Board, Emergency Shelter Grant, Arlington Telecable, Law Enforcement Officers Standards and Education, Court Security, Police Restricted Fund, Texas Criminal Justice Division, Local Law Enforcement Block Grant, Court Technology Fund, Texas State Library, Gifts and Donations, Auto Theft Prevention, Historic Preservation, Disaster Assistance Fund, Tax Increment Reinvestment Zone #5, Highlands TIF, Juvenile Case Manager, HUD Special Projects, COPS Technical Grant, Environmental Protection Agency, Texas Parks and Wildlife, Department of Energy, Public Improvement District #1, Viridian TIRZ #6, and Texas Historical Commission.

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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CITY OF ARLINGTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Special Revenue				
	Federal Transit Administration	**Street Maintenance**	**Downtown TIF**	**Texas Department of Transportation**	**Community Development Block Grant**
ASSETS					
Cash and cash equivalents	$ -	$ 16,522	$ 5,946	$ 76	$ -
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	-
Sales taxes	-	2,192	-	-	-
Other	-	-	-	-	288
Inventory, at cost	-	-	-	-	-
Due from other governments	2,454	-	-	80	673
Prepaid expenditures	-	-	-	-	-
Total Assets	$ 2,454	$ 18,714	$ 5,946	$ 156	$ 961
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 151	$ 1,268	$ -	$ 3	$ 215
Retainage payable	-	53	-	-	75
Due to other funds	2,303	-	-	-	334
Deferred revenue					
Gas lease	-	-	-	-	-
Other	-	-	-	-	337
Commercial paper	-	-	-	-	-
Total Liabilities	2,454	1,321	-	3	961
FUND BALANCES					
Nonspendable:					
Inventory	-	-	-	-	-
Restricted for:					
Capital projects	-	-	-	-	-
Other purposes	-	17,393	5,946	153	-
Committed to:					
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Assigned to:					
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	-	17,393	5,946	153	-
Total Liabilities and Fund Balance	$ 2,454	$ 18,714	$ 5,946	$ 156	$ 961

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
$ -	$ -	$ 13,462	$ -	$ 2,172	$ 1,691	$ 6,660	$ 1,075	$ 3,035
-	-	-	-	-	1,678	-	-	-
-	-	-	-	-	-	-	-	-
-	-	154	-	68	30	212	-	-
-	-	-	-	245	-	-	-	-
446	2,283	-	842	-	-	2,322	-	-
-	-	-	-	-	-	-	-	-
$ 446	$ 2,283	$ 13,616	$ 842	$ 2,485	$ 3,399	$ 9,194	$ 1,075	$ 3,035
$ 166	$ 106	$ 20	$ 138	$ 504	$ 156	$ 1,100	$ 71	$ 2
12	6	-	-	-	-	48	-	25
253	2,115	-	699	-	-	2,817	-	-
-	-	292	-	-	-	-	-	-
15	-	-	5	169	366	938	-	-
-	-	-	-	-	-	-	-	-
446	2,227	312	842	673	522	4,903	71	27
								-
-	-	-	-	245	-	-	-	-
-	-	-	-	-	-	-	-	-
-	56	-	-	-	-	5,580	-	-
							-	-
-	-	-	-	-	-	-	1,004	3,008
-	-	13,304	-	-	2,877	971	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	1,567	-	-	-	-
-	-	-	-	-	-	(2,260)	-	-
-	56	13,304	-	1,812	2,877	4,291	1,004	3,008
$ 446	$ 2,283	$ 13,616	$ 842	$ 2,485	$ 3,399	$ 9,194	$ 1,075	$ 3,035

(continued)

CITY OF ARLINGTON, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 17,447	$ 4,285	$ 5,448	$ 8,523	$ 86,342
Receivables (net of allowances for uncollectibles)					
Taxes	-	-	-	-	1,678
Sales tax	-	-	-	-	2,192
Other	-	-	-	-	752
Inventory, at cost	-	-	-	-	245
Due from other governments	-	-	-	-	9,100
Prepaid expenditures	-	-	-	-	-
Total Assets	$ 17,447	$ 4,285	$ 5,448	$ 8,523	$ 100,309
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 276	$ -	$ 56	$ 6	$ 4,238
Retainage payable	125	235	16	14	609
Due to other funds	-	-	-	104	8,625
Deferred revenue					
Gas lease	-	-	-	-	292
Other	-	-	-	-	1,830
Commercial paper	4,500	-	-	-	4,500
Total Liabilities	4,901	235	72	124	20,094
FUND BALANCES					
Nonspendable:					
Inventory	-	-	-	-	245
Restricted for:					
Capital projects	-	4,050	-	8,399	12,449
Other purposes	-	-	-	-	29,128
Committed:					
Capital projects	12,546	-	5,376	-	21,934
Other purposes	-	-	-	-	17,152
Assigned:					
Capital projects	-	-	-	-	-
Other purposes	-	-	-	-	1,567
Unassigned	-	-	-	-	(2,260)
Total Fund Balance	12,546	4,050	5,376	8,399	80,215
Total Liabilities and Fund Balance	$ 17,447	$ 4,285	$ 5,448	$ 8,523	$ 100,309

ARLINGTON

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

			Special Revenue		
	Federal Transit Administration	**Street Maintenance**	**Downtown TIF**	**Texas Department of Transportation**	**Community Development Block Grant**
REVENUES					
Taxes	$ -	$ 12,356	$ 1,263	$ -	$ -
Service charges	215	-	-	-	-
Intergovernmental	2,095	-	-	214	3,796
Interest revenue	-	148	54	-	-
Net increase (decrease) in the fair value of investments	-	(41)	(17)	-	-
Contributions	-	-	-	-	-
Gas lease royalty	-	-	-	-	-
Gas lease other	-	-	-	-	-
Other	12	31	-	-	27
Total Revenues	2,322	12,494	1,300	214	3,823
EXPENDITURES					
Current:					
General government	-	-	1,916	-	-
Public safety	-	-	-	277	-
Public works	-	17,894	-	-	-
Public health	-	-	-	-	-
Public welfare	2,761	-	-	-	3,041
Parks and recreation	-	-	-	-	-
Convention and event services	-	-	-	-	-
Capital outlay	-	-	-	49	782
Total Expenditures	2,761	17,894	1,916	326	3,823
Net change in fund balances	(439)	(5,400)	(616)	(112)	-
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	-	-	-	-	-
Issuance of Certificates of Obligation	-	-	-	-	-
Transfers in	439	5,394	-	112	-
Transfers out	-	(610)	-	-	-
Total Other Financing Sources (Uses)	439	4,784	-	112	-
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	-	(616)	(616)	-	-
Fund Balance, October 1	-	18,009	6,562	153	-
Fund Balance, September 30	$ -	$ 17,393	$ 5,946	$ 153	$ -

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
$ -	$ -	$ 34	$ -	$ -	$ 6,065	$ 2,524	$ -	$ -
-	-	3	-	8,866	2,975	941	-	-
1,395	4,782	-	3,373	-	-	7,361	-	-
-	-	75	-	26	16	47	17	19
-	-	1	-	-	(4)	(4)	(10)	(6)
-	-	-	-	-	-	-	-	-
-	-	7,863	-	-	-	-	-	-
-	-	413	-	-	-	-	-	-
-	-	-	-	53	29	2,982	-	-
1,395	4,782	8,389	3,373	8,945	9,081	13,851	7	13
-	-	-	-	-	-	1,458	1,570	-
-	4,858	-	3,373	-	-	2,226	-	-
-	-	-	-	-	-	6,162	-	-
-	-	-	-	-	-	2,044	-	-
1,395	-	344	-	-	-	3,504	-	-
-	-	-	-	10,254	-	10	-	-
-	-	-	-	-	6,194	-	-	-
-	-	-	-	-	-	2,612	-	818
1,395	4,858	344	3,373	10,254	6,194	18,016	1,570	818
-	(76)	8,045	-	(1,309)	2,887	(4,165)	(1,563)	(805)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,770
-	76	-	-	2,114	-	524	-	
-	-	(1,320)	-	(312)	(1,642)	(2,378)	-	(210)
-	76	(1,320)	-	1,802	(1,642)	(1,854)	-	1,560
-	-	6,725	-	493	1,245	(6,019)	(1,563)	755
-	56	6,579	-	1,319	1,632	10,310	2,567	2,253
$ -	$ 56	$ 13,304	$ -	$ 1,812	$ 2,877	$ 4,291	$ 1,004	$ 3,008

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Park	TIRZ #5	Traffic	Other Capital Projects	Total Nonmajor Governmental Funds
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ 22,242
Service charges	932	-	-	-	13,932
Intergovernmental	-	-	-	-	23,016
Interest revenue	179	41	55	66	743
Net increase (decrease) in the fair value of investments	(59)	(6)	(21)	(13)	(180)
Contributions	84	-	-	-	84
Gas lease royalty	-	-	-	-	7,863
Gas lease other	-	-	-	-	413
Other	169	-	-	2,687	5,990
Total Revenues	1,305	35	34	2,740	74,103
EXPENDITURES					
Current:					
General government	-	-	-	199	5,143
Public safety	-	-	-	-	10,734
Public works	-	-	-	-	24,056
Public health	-	-	-	-	2,044
Public welfare	-	-	-	-	11,045
Parks and recreation	-	-	-	-	10,264
Convention and event services	-	-	-	-	6,194
Capital outlay	6,747	273	1,060	2,825	15,166
Total Expenditures	6,747	273	1,060	3,024	84,646
Net change in fund balances	(5,442)	(238)	(1,026)	(284)	(10,543)
OTHER FINANCING SOURCES (USES)					
Issuance of bonds	270	-	-	500	770
Issuance of Certificates of Obligation	-	-	-	-	1,770
Transfers in	1,328	-	-	495	10,482
Transfers out	(526)	-	(28)	-	(7,026)
Total Other Financing Sources (Uses)	1,072	-	(28)	995	5,996
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures and other uses	(4,370)	(238)	(1,054)	711	(4,547)
Fund Balance, October 1	16,916	4,288	6,430	7,688	84,762
Fund Balance, September 30	$ 12,546	$ 4,050	$ 5,376	$ 8,399	$ 80,215

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUES						
Taxes	$ 35,569	$ 35,569	$ 64,019	$ (27,165)	$ 36,854	$ 1,285
Interest revenue	226	226	1,530	(1,426)	104	(122)
Net increase (decrease) in fair value of investments	-	-	(683)	674	(9)	(9)
Leases, rents and concessions	-	-	2,000	(2,000)	-	-
Other revenue	-	-	286	(97)	189	189
Total Revenues	35,795	35,795	67,152	(30,014)	37,138	1,343
EXPENDITURES						
Debt Service-						
Principal retirement	26,870	26,870	61,785	(34,915)	26,870	-
Redemption premium	-	-	1,116	-	1,116	(1,116)
Interest and fiscal charges	14,616	14,616	28,703	(14,461)	14,242	374
Total Expenditures	41,486	41,486	91,604	(49,376)	42,228	(742)
Deficiency of Revenues Under Expenditures	(5,691)	(5,691)	(24,452)	19,362	(5,090)	601
OTHER FINANCING SOURCES						
Proceeds from refunding bond issue	-	-	36,765	(36,765)	-	-
Proceeds from bond sale	-	-	5	(5)	-	-
Amount used to fund escrow account	-	-	(39,252)	39,252	-	-
Bond premium	-	-	2,318	(2,318)	-	-
Transfers in	4,811	4,811	4,050	97	4,147	(664)
Transfers out	-	-	-	-	-	-
Total Other Financing Sources	4,811	4,811	3,886	261	4,147	(664)
Net Change In Fund Balances	(880)	(880)	(20,566)	19,623	(943)	(63)
Fund Balances - Beginning	48,479	48,479	58,696	-	58,696	10,217
Fund Balances - Ending	$ 47,599	$ 47,599	$ 38,130	$ 19,623	$ 57,753	$ 10,154

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
STREET MAINTENANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Taxes	$ 11,784	$ 11,784	$ 12,356	$ -	$ 12,356	$ 572
Interest revenue	117	117	148	-	148	31
Net decrease in the fair value of investments	-	-	(41)	-	(41)	(41)
Other revenue	18	18	31	-	31	13
Total Revenues	11,919	11,919	12,494	-	12,494	575
EXPENDITURES						
Current-						
Public works	18,960	20,960	17,894	(849)	17,045	3,915
Total Expenditures	18,960	20,960	17,894	(849)	17,045	3,915
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(7,041)	(9,041)	(5,400)	849	(4,551)	4,490
OTHER FINANCING SOURCES						
Transfers in	5,496	5,496	5,394	-	5,394	(102)
Transfers out	-	-	(610)	-	(610)	(610)
Total Other Financing Sources	5,496	5,496	4,784	-	4,784	(712)
Net Change In Fund Balances	(1,545)	(3,545)	(616)	849	233	3,778
Fund Balances - Beginning	10,401	10,401	18,009	-	18,009	7,608
Fund Balances - Ending	$ 8,856	$ 6,856	$ 17,393	$ 849	$ 18,242	$ 11,386

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
PARK PERFORMANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
REVENUES						
Service charges	$ 8,982	$ 8,982	$ 8,866	$ -	$ 8,866	$ (116)
Other	-	-	53	-	53	53
Interest revenue	-	-	26	-	26	26
Total Revenues	8,982	8,982	8,945	-	8,945	(37)
EXPENDITURES						
Current-						
Parks and recreation	11,358	11,358	10,254	(148)	10,106	1,252
Total Expenditures	11,358	11,358	10,254	(148)	10,106	1,252
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(2,376)	(2,376)	(1,309)	148	(1,161)	1,215
OTHER FINANCING USES						
Transfers in	2,749	2,749	2,114	-	2,114	(635)
Transfers out	(786)	(786)	(312)	-	(312)	474
Total Other Financing Uses	1,963	1,963	1,802	-	1,802	(161)
Net Change In Fund Balances	(413)	(413)	493	148	641	1,054
Fund Balances - Beginning	1,319	1,319	1,319	-	1,319	-
Fund Balances - Ending	$ 906	$ 906	$ 1,812	$ 148	$ 1,960	$ 1,054

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON SCHEDULE
CONVENTION AND EVENT SERVICES
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Taxes	$ 5,150	$ 5,150	$ 6,065	$ -	$ 6,065	$ 915
Service charges	2,428	2,428	2,975	-	2,975	547
Interest revenue	11	11	16	-	16	5
Net increase in the fair value of investments	-	-	(4)	-	(4)	(4)
Other	5	5	29	-	29	24
Total Revenues	7,594	7,594	9,081	-	9,081	1,487
EXPENDITURES						
Current-						
Convention & event services	6,234	6,234	6,194	40	6,234	-
Total Expenditures	6,234	6,234	6,194	40	6,234	-
Excess (Deficiency) Of Revenues Over (Under) Expenditures	1,360	1,360	2,887	(40)	2,847	1,487
OTHER FINANCING SOURCES (USES)						
Transfers out	(1,653)	(1,653)	(1,642)	(96)	(1,738)	(85)
Total Other Financing Sources (Uses)	(1,653)	(1,653)	(1,642)	(96)	(1,738)	(85)
Net Change In Fund Balances	(293)	(293)	1,245	(136)	1,109	1,402
Fund Balances - Beginning	862	862	1,632	-	1,632	(770)
Fund Balances - Ending	$ 569	$ 569	$ 2,877	$ (136)	$ 2,741	$ 2,172

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON STATEMENT
WATER AND SEWER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget-Positive (Negative)
REVENUES						
Water sales	$ 61,700	$ 61,700	$ 70,339	$ (1,103)	$ 69,236	$ 7,536
Sewer service	49,744	49,744	48,076	(176)	47,900	(1,844)
Sundry	4,000	4,000	5,027	16	5,043	1,043
Total Operating Revenues	115,444	115,444	123,442	(1,263)	122,179	6,735
EXPENDITURES						
Purchases of water	$ 16,624	$ 16,624	$ 16,531	$ -	$ 16,531	$ 93
Purchase of sewage treatment	24,111	24,111	23,987	-	23,987	124
Salaries and wages	12,410	12,410	11,202	286	11,488	922
Employees' retirement	1,826	1,826	1,837	-	1,837	(11)
Supplies	4,859	4,859	3,264	(241)	3,023	1,836
Maintenance and repairs	3,164	3,164	3,487	(21)	3,466	(302)
Utilities	3,858	3,858	3,088	-	3,088	770
Franchise fees	6,689	6,689	-	7,092	7,092	(403)
Payment in lieu of taxes	3,474	3,474	-	3,474	3,474	-
Depreciation	-	-	13,826	(13,826)	-	-
Miscellaneous services	5,557	5,557	4,527	811	5,338	219
Total Operating Expenses	82,572	82,572	81,749	(2,425)	79,324	3,248
Operating Income	32,872	32,872	41,693	1,162	42,855	9,983
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	469	469	682	129	811	342
Net increase (decrease) in the fair value of investments	-	-	(117)	117	-	-
Interest expense and fiscal charges	(16,502)	(16,502)	(2,088)	(13,287)	(15,375)	1,127
Total Nonoperating Revenues (Expenses)	(16,033)	(16,033)	(1,523)	(13,041)	(14,564)	1,469
Income before operating transfers and contributions	16,839	16,839	40,170	(11,879)	28,291	11,452
Contributions in aid of construction	-	-	1,120	(1,120)	-	-
Transfers out	(16,863)	(16,863)	(14,696)	(11,564)	(26,260)	(9,397)
Change in net assets	(24)	(24)	26,594	(24,563)	2,031	2,055
Total net assets-beginning	519,798	519,798	519,798	-	519,798	-
Total net assets-ending	$ 519,774	$ 519,774	$ 546,392	$ (24,563)	$ 521,829	$ 2,055

CITY OF ARLINGTON, TEXAS
BUDGETARY COMPARISON STATEMENT
STORM WATER UTILITY
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget- Positive (Negative)
REVENUES						
Storm water fee- commercial	$ 4,618	$ 4,618	$ 4,728	$ 11	$ 4,739	$ 121
Storm water fee- residential	5,661	5,661	5,764	13	5,777	116
Total Operating Revenues	10,279	10,279	10,492	24	10,516	237
EXPENDITURES						
Salaries and wages	$ 1,635	$ 1,635	$ 1,314	$ 33	$ 1,347	$ 288
Employees' retirement	251	251	229	-	229	22
Supplies	80	80	63	(79)	(16)	96
Maintenance and repairs	359	359	279	22	301	58
Utilities	8	8	8	-	8	-
Depreciation	-	-	1,716	(1,716)	-	-
Miscellaneous services	889	889	762	(116)	646	243
Total Operating Expenses	3,222	3,222	4,371	(1,856)	2,515	707
Operating Income	7,057	7,057	6,121	1,880	8,001	944
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	64	64	173	-	173	109
Net increase (decrease) in the fair value of investments	-	-	12	(12)	-	-
Interest expense and fiscal charges	-	-	(490)	-	(490)	490
Total Nonoperating Revenues (Expenses)	64	64	(305)	(12)	(317)	599
Income before operating transfers and contributions	7,121	7,121	5,816	1,868	7,684	563
Transfers out	(6,955)	(6,955)	(652)	(6,327)	(6,979)	(24)
Change in net assets	166	166	5,164	(4,459)	705	539
Total net assets-beginning	65,755	65,755	65,755	-	65,755	-
Total net assets-ending	$ 65,921	$ 65,921	$ 70,919	$ (4,459)	$ 66,460	$ 539

INTERNAL SERVICE FUNDS

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

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

ARLINGTON PROPERTY FINANCE AUTHORITY, INC. FUND (the "APFA") - The APFA is a Texas nonprofit corporation that was created for the purpose of acting on the City's behalf in financing various governmental programs as prescribed by City Council ordinance or resolution. In October 1986, the City Council adopted an ordinance to establish the City's Self-Insurance and Risk Management Program (the "Program"). The purpose of the Program is to provide the City a defined and funded self-insurance program for general and automotive liability.

TECHNOLOGY SERVICES FUND - The City's technology services/telephone services program provides City employees with telephone installation, maintenance and data cable capabilities, and telephone training. The purpose of this fund is to account for the activity of such program. In fiscal year 2011, the City closed the Technology Services Fund into the General Fund. Activities related to technology are now included in the General Government Activities.

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

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

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 371	$ 2,532	$ 5,617
Investments	-	-	2,041
Receivables (net of allowances for uncollectibles)			
Trade accounts	-	124	-
Accrued interest	-	-	8
Prepaid expenses	82	-	-
Inventory of supplies, at cost	46	1	-
Total Current Assets	499	2,657	7,666
Noncurrent Assets:			
Capital Assets:			
Buildings and improvements	-	467	-
Machinery and equipment	1,253	39,164	-
Less accumulated depreciation	(1,190)	(27,186)	-
Total Capital Assets (Net of Accumulated Depreciation)	63	12,445	-
Total Assets	562	15,102	7,666
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued liabilities	129	410	4
Estimated claims payable	-	-	2,372
Accrued compensated absences	-	-	-
Capital lease obligation	-	-	-
Total Current Liabilities	129	410	2,376
Noncurrent Liabilities:			
Estimated claims payable	-	-	1,035
Accrued compensated absences	47	1	-
Total Noncurrent Liabilities	47	1	1,035
Total Liabilities	176	411	3,411
NET ASSETS			
Invested in capital assets, net of related debt	-	12,445	-
Unrestricted	386	2,246	4,255
Total Net Assets	$ 386	$ 14,691	$ 4,255

Technology Services	Workers' Compensation	Group Health	Total
$ -	$ 8,436	$ 6,723	$ 23,679
-	-	-	2,041
-	-	-	124
-	-	-	8
-	-	-	82
-	-	-	47
-	8,436	6,723	25,981
-	-	-	467
-	-	-	40,417
-	-	-	(28,376)
-	-	-	12,508
-	8,436	6,723	38,489
-	-	2	545
-	2,107	1,790	6,269
-	-	-	-
-	-	-	-
-	2,107	1,792	6,814
-	4,189	-	5,224
-	-	-	48
-	4,189	-	5,272
-	6,296	1,792	12,086
-	-	-	12,445
-	2,140	4,931	13,958
$ -	$ 2,140	$ 4,931	$ 26,403

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
OPERATING REVENUES:			
Service charges	$ 2,172	$ 6,411	$ 75
Sundry	-	3	-
Total Operating Revenues	2,172	6,414	75
OPERATING EXPENSES:			
Salaries and wages	336	87	-
Employees' retirement	63	14	-
Supplies	1,020	2,732	-
Maintenance and repairs	154	96	-
Utilities	10	46	-
Claims (net of adjustments)	-	-	1,984
Legal and professional	-	-	238
Depreciation	114	3,549	-
Miscellaneous services	80	2,296	32
Total Operating Expenses	1,777	8,820	2,254
OPERATING INCOME (LOSS)	395	(2,406)	(2,179)
NON-OPERATING REVENUES (EXPENSES):			
Interest revenue	-	-	61
Net increase (decrease) in the fair value of investments	-	-	(24)
Gain on sale of assets	-	358	-
Interest expense and fiscal charges	(8)	-	-
Total Non-operating Revenues (Expenses)	(8)	358	37
Income (Loss) Before Transfers	387	(2,048)	(2,142)
Transfers In	-	2,577	1,950
Transfers Out	(1)	-	-
Change In Net Assets	386	529	(192)
Total Net Assets, October 1	-	14,162	4,447
Total Net Assets, September 30	$ 386	$ 14,691	$ 4,255

Technology Services	Workers' Compensation	Group Health	Total
$ -	$ 2,379	$ 12,767	$ 23,804
-	-	-	3
-	2,379	12,767	23,807
-	-	-	423
-	-	-	77
-	-	-	3,752
-	-	-	250
-	-	-	56
-	2,902	15,676	20,562
-	63	277	578
-	-	-	3,663
-	-	-	2,408
-	2,965	15,953	31,769
-	(586)	(3,186)	(7,962)
-	68	50	179
-	(17)	(13)	(54)
-	-	-	358
-	-	-	(8)
-	51	37	475
-	(535)	(3,149)	(7,487)
-	500	4,743	9,770
(2,370)	-	-	(2,371)
(2,370)	(35)	1,594	(88)
2,370	2,175	3,337	26,491
$ -	$ 2,140	$ 4,931	$ 26,403

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	General Services	Fleet Services	Arlington Property Finance Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 2,172	$ 6,503	$ 75
Cash payments to suppliers	(1,328)	(4,882)	(1,390)
Cash payments to employees	(463)	(104)	-
Net Cash Provided By (Used For) Operating Activities	381	1,517	(1,315)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	2,577	1,950
Transfers out	(1)	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	(1)	2,577	1,950
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(5,031)	-
Principal payments on capital lease	(191)	-	-
Interest payments on capital lease	(8)	-	-
Proceeds from sales of capital assets	-	377	-
Net Cash Used For Capital and Related Financing Activities	(199)	(4,654)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from interest earnings	-	-	66
Net increase (decrease) in the fair value of investments	-	-	(24)
Maturities/sales of investments	-	-	2,024
Net Cash Provided By (Used For) Investing Activities	-	-	2,066
Net increase (decrease) in cash and cash equivalents	181	(560)	2,701
Cash and cash equivalents at October 1	190	3,092	2,916
Cash and cash equivalents at September 30	$ 371	$ 2,532	$ 5,617
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating Income (Loss)	$ 395	$ (2,406)	$ (2,179)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	114	3,549	-
(Increase) decrease in-			
Receivables	-	89	-
Inventory of supplies	23	1	-
Prepaid expenses	(81)	-	-
Increase (decrease) in-			
Accounts payable and accrued liabilities	2	287	(115)
Estimated claims payable	-	-	979
Accrued compensated absences	(72)	(3)	-
Total adjustments	(14)	3,923	864
Net Cash Provided By (Used For) Operating Activities	$ 381	$ 1,517	$ (1,315)

Technology Services	Workers' Compensation	Group Health	Totals
$ -	$ 2,379	$ 12,767	$ 23,896
-	(1,925)	(15,983)	(25,508)
-	-	-	(567)
-	454	(3,216)	(2,179)
-	500	4,743	9,770
(2,289)	-	-	(2,290)
(2,289)	500	4,743	7,480
-	-	-	(5,031)
-	-	-	(191)
-	-	-	(8)
-	-	-	377
-	-	-	(4,853)
-	68	50	184
-	(17)	(13)	(54)
-	-	-	2,024
-	51	37	2,154
(2,289)	1,005	1,564	2,602
2,289	7,431	5,159	21,077
$ -	$ 8,436	$ 6,723	$ 23,679
$ -	$ (586)	$ (3,186)	$ (7,962)
-	-	-	3,663
-	-	-	89
-	-	-	24
-	-	-	(81)
-	(13)	(6)	155
-	1,053	(24)	2,008
-	-	-	(75)
-	1,040	(30)	5,783
$ -	$ 454	$ (3,216)	$ (2,179)

FIDUCIARY FUNDS

PENSION TRUST FUNDS:

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

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

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

AGENCY FUNDS:

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

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

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

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF PENSION TRUST FUNDS NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	Total
ASSETS				
Investments:				
Money market fund	$ 71	$ 30,928	$ 22	$ 31,021
Corporate bonds	1,144	-	534	1,678
Fixed income mutual funds	803	10,680	378	11,861
Common stock mutual funds	173	46,057	86	46,316
Balanced mutual funds	-	13,671	-	13,671
Participant borrowing	-	4,853	-	4,853
Self-directed brokerage accounts	-	2,496	-	2,496
Total investments	2,191	108,685	1,020	111,896
Total Assets	$ 2,191	$ 108,685	$ 1,020	$ 111,896
LIABILITIES				
Total Liabilities	-	-	-	-
NET ASSETS				
Held in trust for employee benefits	$ 2,191	$ 108,685	$ 1,020	$ 111,896

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF AGENCY FUNDS ASSETS AND LIABILITIES
FIDUCIARY FUNDS
SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Payroll	Escrow Fund	Escheat Fund	Total
ASSETS				
Cash and cash equivalents	$ 3,113	$ 3,573	$ 191	$ 6,877
Investments:				
Common stock mutual funds	131	-	-	131
Total Assets	$ 3,244	$ 3,573	$ 191	$ 7,008
LIABILITIES				
Accounts payable and accrued liabilities	$ 3,113	$ 3,573	$ 191	$ 6,877
IRC 401 deferred compensation plans	131	-	-	131
Total Liabilities	$ 3,244	$ 3,573	$ 191	$ 7,008

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pension Trust Funds			
	Part-Time Deferred Income Trust	Thrift Savings Plan	Disability Income Plan	Total
ADDITIONS				
Employer contributions	$ 75	$ 2,425	$ 383	$ 2,883
Employee contributions	69	5,746	-	5,815
Net appreciation in fair value of investments	62	2,589	23	2,674
Total Additions	206	10,760	406	11,372
DEDUCTIONS				
Benefits	101	9,252	226	9,579
Plan administration	24	43	21	88
Total Deductions	125	9,295	247	9,667
Increase in Net Assets	81	1,465	159	1,705
Net Assets, October 1	2,110	107,220	861	110,191
Net Assets, September 30	$ 2,191	$ 108,685	$ 1,020	$ 111,896

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Balance October 1, 2010	Additions	Deductions	Balance September 30, 2011
PAYROLL FUND				
Assets				
Cash and cash equivalents	$ 3,034	$ 299,493	$ 299,414	$ 3,113
Investments	153	-	22	131
Total assets	$ 3,187	$ 299,493	$ 299,436	$ 3,244
Liabilities				
Accounts payable and accrued liabilities	$ 3,034	$ 299,493	$ 299,414	$ 3,113
Accounts payable and accrued liabilities - IRC 401 defined contribution	153	-	22	131
Total liabilities	$ 3,187	$ 299,493	$ 299,436	$ 3,244
ESCROW FUND				
Assets				
Cash and cash equivalents	$ 3,870	$ 8,737	$ 9,034	$ 3,573
Total assets	$ 3,870	$ 8,737	$ 9,034	$ 3,573
Liabilities				
Accounts payable and accrued liabilities	$ 3,870	$ 8,737	$ 9,034	$ 3,573
Total liabilities	$ 3,870	$ 8,737	$ 9,034	$ 3,573
ESCHEAT FUND				
Assets				
Cash and cash equivalents	$ 218	$ 46	$ 73	$ 191
Total assets	$ 218	$ 46	$ 73	$ 191
Liabilities				
Accounts payable and accrued liabilities	$ 218	$ 46	$ 73	$ 191
Total liabilities	$ 218	$ 46	$ 73	$ 191
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and cash equivalents	$ 7,122	$ 308,276	$ 308,521	$ 6,877
Investments	153	-	22	131
Total assets	$ 7,275	$ 308,276	$ 308,543	$ 7,008
Liabilities				
Accounts payable and accrued liabilities	$ 7,122	$ 308,276	$ 308,521	$ 6,877
Accounts payable and accrued liabilities - IRC 401defined contribution	153	-	22	131
Total Liabilities	$ 7,275	$ 308,276	$ 308,543	$ 7,008

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 c ommercial development within the City.

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
AS OF SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Arlington Housing Authority	Arlington Convention and Visitors Bureau, Inc.	Arlington Tomorrow Foundation
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 4,443	$ 231	$ 23,578
Investments	2,849	-	57,159
Receivables (net of allowances for uncollectibles):			
Accrued interest	9	-	632
Other	315	227	154
Prepaid expenses	12	11	-
Total Current Assets	7,628	469	81,523
Non-Current Assets:			
Capital Assets-			
Buildings and improvements	563	-	-
Machinery and equipment	369	585	-
Accumulated depreciation	(439)	(449)	-
Total Non-Current Assets	493	136	-
Total Assets	8,121	605	81,523
LIABILITIES			
Accounts payable and accrued liabilities	797	237	58
Deferred revenue	77	-	2,659
Total Liabilities	874	237	2,717
NET ASSETS			
Invested in capital assets, net of related debt	493	136	-
Restricted for endowments	-	-	78,806
Restricted for Housing Assistance	2,438	-	-
Unrestricted	4,316	232	-
Total Net Assets	$ 7,247	$ 368	$ 78,806

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF NET ASSETS
DISCRETELY PRESENTED COMPONENT UNITS
AS OF SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Arlington Housing Finance Corporation	Arlington Industrial Development Corporation	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 382	$ 3	$ 28,637
Investments	-	-	60,008
Receivables (net of allowances for uncollectibles):			
Accrued interest	-	-	641
Other	-	-	696
Prepaid expenses	-	-	23
Total Current Assets	382	3	90,005
Non-Current Assets:			
Capital Assets-			
Buildings and improvements	-	-	563
Machinery and equipment	-	-	954
Accumulated depreciation	-	-	(888)
Total Non-Current Assets	-	-	629
Total Assets	382	3	90,634
LIABILITIES			
Accounts payable and accrued liabilities	-	-	1,092
Deferred revenue	-	-	2,736
Total Liabilities	-	-	3,828
NET ASSETS			
Invested in capital assets, net of related debt	-	-	629
Restricted for endowments	-	-	78,806
Restricted for Housing Assistance	-	-	2,438
Unrestricted	382	3	4,933
Total Net Assets	$ 382	$ 3	$ 86,806

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Component Units:				
Arlington Housing Authority	28,733	-	27,449	-
Arlington Convention & Visitors Bureau, Inc.	4,155	4,201	-	-
Arlington Tomorrow Foundation	1,777	-	-	-
Arlington Housing Finance Corporation	43	-	59	-
Arlington Industrial Development Corporation	-	-	-	-
Total Component Units	$ 34,708	$ 4,201	$ 27,508	$ -

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

Net (Expenses) Revenue and Changes in Net Assets					
Arlington Housing Authority	Arlington Convention & Visitors Bureau	Arlington Tomorrow Foundation	Arlington Housing Finance Corporation	Arlington Industrial Development Corporation	Total
				-	
(1,284)	-	-	-	-	(1,284)
-	46	-	-	-	46
-	-	(1,777)	-	-	(1,777)
-	-	-	16	-	16
-	-	-	-	-	-
$ (1,284)	$ 46	$ (1,777)	$ 16	$ -	$ (2,999)
$ 55	$ -	$ 1,893	$ 4	$ -	$ 1,952
937	-	11,652	-	-	12,589
-	-	822	(1)	-	821
992	-	14,367	3	-	15,362
(292)	46	12,590	19	-	12,363
7,539	322	66,216	363	3	74,443
$ 7,247	$ 368	$ 78,806	$ 382	$ 3	$ 86,806

CITY OF ARLINGTON, TEXAS
COMBINING STATEMENT OF CASH FLOWS
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

	Arlington Tomorrow Foundation	Arlington Housing Finance Corporation
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ -	$ 59
Cash received from gas leases	11,162	-
Cash payments to suppliers	(292)	(43)
Cash payments to employees	(164)	-
Cash payments to grantees	(1,271)	-
Cash payments for housing assistance	-	-
Net Cash Provided By Operating Activities	9,435	16
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers out	-	-
Net Cash Used For Noncapital Financing Activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contribution	-	-
Principal payments on debt	-	-
Net Cash Used For Capital and Related Financing Activities	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from interest earnings	1,893	4
Net increase (decrease) in the fair value of investments	822	(1)
Purchase of investments	(193)	-
Maturities/sales of investments	-	-
Net Cash Provided By (Used for) Investing Activities	2,522	3
Net increase (decrease) in cash and cash equivalents	11,957	19
Cash and cash equivalents at October 1	11,621	363
Cash and cash equivalents at September 30	$ 23,578	$ 382
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating Income	$ 9,875	$ 16
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	-	-
Decrease (increase) in-		
Receivables	(108)	-
Increase (decrease) in-		
Accounts payable and accrued liabilities	47	-
Accrued compensated absences	3	-
Deferred revenue	(382)	-
Total adjustments	(440)	-
Net Cash Provided By Operating Activities	$ 9,435	$ 16

Arlington Industrial Development Corporation	Totals
$ -	$ 59
-	11,162
-	(335)
-	(164)
-	(1,271)
-	-
-	9,451
-	-
-	-
-	-
-	-
-	-
-	-
-	1,897
-	821
-	(193)
-	-
-	2,525
-	11,976
3	11,987
$ 3	$ 23,963
$ -	$ 9,891
-	-
-	(108)
-	47
-	3
-	(382)
-	(440)
$ -	$ 9,451

ARLINGTON

CITY OF ARLINGTON, TEXAS
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS - BY SOURCES
AS OF SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

GOVERNMENTAL FUNDS CAPITAL ASSETS:	
Land	$ 209,397
Buildings	1,101,067
Improvements other than buildings	157,464
Machinery and equipment	40,081
Construction-in-progress	117,637
Infrastructure	776,945
Total Governmental Funds Capital Assets	$ 2,402,591

INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS:	
General fund	$ 1,508,009
Capital Project Fund	894,582
Total Governmental Funds Capital Assets	$ 2,402,591

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

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

CITY OF ARLINGTON, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
AS OF SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Total	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment
ADMINISTRATIVE:					
Technology services	$ 10,388	$ -	$ -	$ -	$ 10,388
Tax	6	-	-	-	6
City administration	1,223,472	127,710	1,029,474	61,464	4,824
Convention center	378	-	-	-	378
Total Administration	1,234,244	127,710	1,029,474	61,464	15,596
OPERATIONS:					
Fire	18,100	-	11,423	-	6,677
Municipal court	1,409	-	-	-	1,409
Police	33,978	654	21,490	-	11,834
Parks and recreation	175,734	64,522	20,779	88,575	1,858
Communication services	88	-	-	-	88
Airport	30,330	5,655	17,612	7,063	-
Total Operations	259,639	70,831	71,304	95,638	21,866
DEVELOPMENT:					
Community development	1,373	-	289	6	1,078
Engineering services	137	-	-	-	137
Transportation	12,616	10,856	-	356	1,404
Total Development	14,126	10,856	289	362	2,619
Total Capital Assets Allocated to Functions	1,508,009	$ 209,397	$ 1,101,067	$ 157,464	$ 40,081
INFRASTRUCTURE	776,945				
CONSTRUCTION IN PROGRESS	117,637				
Total Governmental Funds Capital Assets	$ 2,402,591				

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

CITY OF ARLINGTON, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS -
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(AMOUNTS EXPRESSED IN THOUSANDS)

Function and Activity	Governmental Funds Capital Assets October 1, 2010	Additions	Deletions	Governmental Funds Capital Assets September 30, 2011
ADMINISTRATIVE:				
Technology services	$ 9,008	$ 1,380	$ -	$ 10,388
Tax	6	-	-	6
City administration	1,220,675	2,797	-	1,223,472
Convention center	378	-	-	378
Total Administration	1,230,067	4,177	-	1,234,244
OPERATIONS:				
Fire	12,968	5,168	(36)	18,100
Municipal court	1,409	-	-	1,409
Police	32,436	1,542	-	33,978
Parks and recreation	169,893	5,841	-	175,734
Communication services	88	-	-	88
Airport	29,243	1,200	(113)	30,330
Total Operations	246,037	13,751	(149)	259,639
DEVELOPMENT:				
Community development	1,373	-	-	1,373
Engineering services	137	-	-	137
Transportation	12,112	1,306	(802)	12,616
Total Development	13,622	1,306	(802)	14,126
INFRASTRUCTURE	758,931	18,014	-	776,945
CONSTRUCTION IN PROGRESS	125,869	28,766	(36,998)	117,637
Total Governmental Funds Capital Assets	$ 2,374,526	$ 66,014	$ (37,949)	$ 2,402,591

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

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

ARLINGTON

STATISTICAL SECTION
(Unaudited)

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

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

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

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

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

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

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt	$ 357,316	$ 321,615	$ 317,946	$ 408,969	$ 510,287	$ 646,693
Restricted (Debt Srvcs/Impact Fee/Endowments)	2,259	419	2,993	25,738	25,794	39,767
Unrestricted	28,636	78,838	98,332	49,571	67,341	89,238
Total governmental activities net assets	$ 388,211	$ 400,872	$ 419,271	$ 484,278	$ 603,422	$ 775,698
Business-type activities						
Invested in capital assets, net of related debt	$ 307,741	$ 325,159	$ 350,885	$ 380,515	$ 409,452	$ 428,961
Restricted	-	9,638	9,460	10,041	9,273	9,097
Unrestricted	67,329	58,105	58,862	20,061	21,519	17,049
Total business-type activities net assets	$ 375,070	$ 392,902	$ 419,207	$ 410,617	$ 440,244	$ 455,107
Primary government						
Invested in capital assets, net of related debt	$ 665,057	$ 646,774	$ 668,831	$ 789,484	$ 919,739	$ 1,075,654
Restricted (Debt Srvcs/Impact Fee)	2,259	10,057	12,453	35,779	35,067	48,864
Unrestricted	95,965	136,943	157,194	69,632	88,860	106,287
Total primary government net assets	$ 763,281	$ 793,774	$ 838,478	$ 894,895	$ 1,043,666	$ 1,230,805

Source: City of Arlington Financial and Management Resources

Table 1

Fiscal Year			
2008	2009	2010	2011
$ 778,516	$ 1,134,428	$ 1,136,342	$ 1,165,492
55,581	54,486	64,789	42,998
65,896	49,301	101,397	81,671
$ 899,993	$ 1,238,215	$ 1,302,528	$ 1,290,161
$ 453,210	$ 525,131	$ 541,227	$ 543,702
9,753	10,310	10,140	$ 19,706
14,846	23,764	33,270	$ 52,554
$ 477,809	$ 559,205	$ 584,637	$ 615,962
$ 1,231,726	$ 1,659,559	$ 1,677,569	$ 1,709,194
65,334	64,796	74,929	62,704
80,742	73,065	134,667	134,225
$ 1,377,802	$ 1,797,420	$ 1,887,165	$ 1,906,123

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

Table 2

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	$ 34,330	$ 28,511	$ 30,646	$ 26,906	$ 31,812	$ 34,120	$ 43,788	$ 40,403	$ 70,517	$ 74,285
Public safety	90,417	89,554	93,852	97,645	102,363	113,343	123,587	128,219	134,767	135,371
Public works	55,327	57,768	55,350	64,369	66,019	73,161	84,115	94,171	67,135	71,828
Public health	2,100	1,424	1,321	2,416	1,697	1,735	1,920	2,406	3,003	3,892
Parks and recreation	20,669	21,327	20,633	23,262	27,761	26,826	28,027	28,228	28,020	28,663
Public welfare	5,288	7,282	5,410	6,383	9,408	11,136	39,282	10,213	12,251	11,897
Convention and event services	5,426	5,478	5,347	5,435	5,094	5,628	6,533	6,299	6,321	6,194
Interest on long term debt	15,674	15,102	14,548	13,898	24,923	24,581	26,624	42,485	29,444	29,890
Total governmental activities expenses	$ 229,231	$ 226,446	$ 227,107	$ 240,314	$ 269,077	$ 290,530	$ 353,876	$ 352,424	$ 351,458	$ 362,020
Business-type activities:										
Water and sewer	68,106	68,282	67,232	65,220	74,516	72,945	71,929	77,130	75,602	84,270
Landfill	7,743	1,731	2,207	4,310	-	-	-	3,678	4,017	4,861
Total business-type activities expenses	$ 75,849	$ 70,013	$ 69,439	$ 69,530	$ 74,516	$ 72,945	$ 71,929	$ 80,808	$ 79,619	$ 89,131
Total primary government expenses	$ 305,080	$ 296,459	$ 296,546	$ 309,844	$ 343,593	$ 363,475	$ 425,805	$ 433,232	$ 431,077	$ 451,151
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 9,121	$ 11,911	$ 7,775	$ 15,449	$ 21,668	$ 17,264	$ 10,528	$ 19,017	$ 21,938	$ 21,810
Public safety	7,966	8,068	9,145	6,851	8,206	8,052	13,998	16,440	17,429	21,131
Public works	8,341	4,395	6,059	3,001	3,025	3,052	5,898	1,116	1,322	1,153
Public health	227	65	1,093	65	71	78	2,692	2,707	2,980	2,775
Parks and recreation	8,190	6,636	7,161	8,243	8,558	8,456	9,529	9,835	8,879	9,999
Public welfare	-	-	14	-	-	-	-	179	204	215
Convention and event services	5,635	2,347	2,422	2,496	2,656	2,418	2,587	2,535	2,788	2,975
Operating grants and contributions	9,430	8,728	7,758	8,144	13,846	14,102	20,787	24,578	23,127	23,455
Capital grants and contributions	12,509	8,525	5,730	4,849	77,683	121,720	145,029	411,788	72,515	2,625
Total governmental activities program revenues	$ 61,419	$ 50,675	$ 47,157	$ 49,098	$ 135,713	$ 175,142	$ 211,048	$ 488,195	$ 151,182	$ 86,138
Business-type activities:										
Charges for services:										
Water and sewer	$ 80,747	$ 81,890	$ 88,474	$ 92,144	$ 102,745	$ 88,786	$ 102,324	$ 108,224	$ 107,800	$ 123,442
Storm water utility	-	-	-	-	-	-	-	6,920	8,702	10,492
Landfill	7,897	7,728	6,733	4,484	-	-	-	-	-	-
Capital grants and contributions	6,636	6,064	6,656	3,676	5,529	3,600	2,622	2,018	1,388	1,120
Other	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	$ 95,280	$ 95,682	$ 101,863	$ 100,304	$ 108,274	$ 92,386	$ 104,946	$ 117,162	$ 117,890	$ 135,054
Total primary government program revenues	$ 156,699	$ 146,357	$ 149,020	$ 149,402	$ 243,987	$ 267,528	$ 315,994	$ 605,357	$ 269,072	$ 221,192

(continued)

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

Table 2

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense) Revenue										
Governmental activities	$ (167,812)	$ (175,771)	$ (179,950)	$ (191,216)	$ (133,364)	$ (115,388)	$ (142,828)	$ 135,771	$ (200,276)	$ (275,882)
Business-type activities	19,431	25,669	32,424	30,774	33,758	19,441	33,017	36,354	38,271	45,923
Total Primary government net expense	$ (148,381)	$ (150,102)	$ (147,526)	$ (160,442)	$ (99,606)	$ (95,947)	$ (109,811)	$ 172,125	$ (162,005)	$ (229,959)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes:										
Property taxes	$ 134,489	$ 145,689	$ 157,143	$ 101,235	$ 104,425	$ 108,301	$ 112,477	$ 117,285	$ 115,684	$ 449
Sales taxes	-	-	-	60,476	76,483	79,781	81,385	80,193	81,517	1,443
Other taxes	-	-	-	7,286	8,319	9,249	10,447	10,978	12,793	13,558
Gas Lease	-	-	-	-	5,020	25,471	2,091	-	-	-
Franchise fees	29,667	29,181	29,321	28,928	31,140	29,145	25,994	25,038	25,769	(1,255)
Investment earnings	3,888	2,040	1,957	5,642	19,513	21,849	12,814	5,629	4,577	8,296
Net increase (decrease) in fair value	(380)	(10)	(355)	(1,244)	(293)	2,109	182	1,837	1,709	15,348
Other	3,585	2,278	3,045	4,900	1,469	5,239	9,271	4,769	8,847	8,296
Special Item	-	-	-	4,330	-	-	-	-	-	-
Transfers	4,705	9,254	7,238	40,563	6,432	6,520	12,462	(43,278)	13,693	(12,367)
Total governmental activities	$ 175,954	$ 188,432	$ 198,349	$ 252,116	$ 252,508	$ 287,664	$ 267,123	$ 202,451	$ 264,589	$ 33,768
Business-type activities:										
Investment earnings	$ 2,394	$ 1,456	$ 1,287	$ 1,255	$ 2,175	$ 1,685	$ 2,196	$ 1,581	$ 895	$ -
Gain on sale/retirement of capital assets	(251)	(39)	(223)	(77)	126	257	(49)	183	(41)	(15,348)
Miscellaneous	-	-	55	21	-	-	-	54,556	-	-
Transfers	(4,705)	(9,254)	(7,238)	(40,563)	(6,432)	(6,520)	(12,462)	(11,278)	(13,693)	31,325
Total Business-type activities	$ (2,562)	$ (7,837)	$ (6,119)	$ (39,364)	$ (4,131)	$ (4,578)	$ (10,315)	$ 45,042	$ (12,839)	$ 15,977
Total primary government	$ 173,392	$ 180,595	$ 192,230	$ 212,752	$ 248,377	$ 283,086	$ 256,808	$ 247,493	$ 251,750	$ 49,745
Change in Net Assets										
Governmental activities	$ 8,142	$ 12,661	$ 18,399	$ 60,900	$ 119,144	$ 172,276	$ 124,295	$ 338,222	$ 64,313	$ (242,114)
Business-type activities	16,869	17,832	26,305	(8,590)	29,627	14,863	22,702	81,396	25,432	61,900
Total primary government	$ 25,011	$ 30,493	$ 44,704	$ 52,310	$ 148,771	$ 187,139	$ 146,997	$ 419,618	$ 89,745	$ (180,214)

(concluded)

Source: City of Arlington Financial and Management Resources

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General fund					
Nonspendable:					
Inventory	279	112	113	254	240
Prepaids	48	67	46	46	5
Committed to:					
Utility rate case	500	500	500	500	500
Capital projects	-	-	-	-	-
Assigned to:					
Encumbrances	1,526	656	1,786	3,230	4,463
Working capital	12,195	12,981	13,585	14,373	15,964
Subsequent years' expenditure	3,429	4,821	5,018	5,174	5,747
Compensated absences	1,152	1,247	1,411	1,125	1,280
Other post employment benefits	-	-	1,718	1,718	1,718
Landfill lease proceeds/future initiatives	-	-	-	19,887	20,573
Dispatch	-	-	-	-	-
Information Technology	-	-	-	-	-
Telecommunications	754	102	329	274	-
Business continuity	-	-	-	-	-
Arbitrage	824	320	38	12	33
Infrastructure	-	-	-	-	-
Gas lease proceeds	-	-	-	-	5,020
Group Health	-	-	-	-	-
Other purposes	-	-	-	-	-
Unassigned	-	-	773	5,464	10,571
Total general fund	$ 20,707	$ 20,806	$ 25,317	$ 52,057	$ 66,114
All Other Governmental Funds					
Nonspendable:					
Inventory	-	-	-	-	-
Prepaids	3	3	36,476	185	179
Restricted for:					
Capital projects	40,587	50,867	26,727	318,632	280,316
Other purposes	2,259	2,538	3,285	20,602	20,819
Committed to:					
Capital projects	1,076	1,089	482	1,709	3,899
Other purposes	22,115	17,241	7,514	21,577	36,592
Assigned to:					
Capital projects	-	5,597	58,472	2,808	4,749
Other purposes	2,487	-	161	3,348	1,639
Undesignated	-	-	-	(602)	(2,686)
Total all other governmental funds	$ 68,527	$ 77,335	$ 133,117	$ 368,259	$ 345,507

Source: City of Arlington Financial and Management Resources

Table 3

Fiscal Year				
2007	2008	2009	2010	2011
574	600	583	1,163	1,228
35	2	252	-	16
500	500	500	500	500
-	-	-	-	1,122
6,351	6,074	3,780	4,316	5,613
16,232	16,512	16,219	16,218	16,054
5,843	5,944	5,839	5,839	5,944
1,261	1,556	1,464	1,312	1,252
1,718	1,718	1,718	1,718	1,718
21,030	21,487	21,487	21,487	21,487
-	-	137	422	380
-	-	-	-	774
-	-	-	-	-
-	-	-	6,889	4,538
184	288	193	75	-
1,000	1,000	-	-	-
-	-	-	-	-
-	-	2,446	3,001	-
-	-	-	-	56
5,618	508	3,663	3,627	6,093
$ 60,346	$ 56,189	$ 58,281	$ 66,567	$ 66,775
197	217	206	230	245
1	-	-	-	-
156,064	53,952	22,255	46,598	63,644
34,444	50,507	49,075	91,613	67,258
3,568	6,382	5,763	36,988	21,934
25,665	48,911	33,953	9,690	17,152
6,868	8,185	10,617	-	-
33,844	9,200	2,926	3,134	1,567
(4,362)	(1,217)	(3,811)	(1,351)	(2,260)
$ 256,289	$ 176,137	$ 120,984	$ 186,902	$ 169,540

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

	2002	2003	2004	2005
REVENUES:				
Taxes:	$ 134,429	$ 145,239	$ 156,958	$ 169,345
Licenses and permits	3,837	3,833	4,160	4,476
Franchise fees	29,635	29,163	29,371	28,928
Fines and forfeitures	6,787	7,475	7,318	6,259
Leases, rents, and concessions	3,548	2,908	3,026	5,207
Service charges	24,479	19,424	19,424	20,175
Investment income	3,331	1,931	1,550	4,020
Net increase (decrease) in fair value of investment	-	-	-	-
Contributions	4,078	2,358	2,653	1,664
Intergovernmental	17,229	14,895	10,426	9,216
Gas lease	-	-	-	-
Miscellaneous	3,238	2,135	2,596	4,292
Total Revenues	$ 230,591	$ 229,361	$ 237,482	$ 253,582
EXPENDITURES:				
General government	28,393	28,433	30,148	31,094
Public safety	91,606	90,934	95,499	99,656
Public works	59,756	27,874	27,535	36,971
Public health	1,999	1,239	1,252	1,435
Public welfare	6,311	3,585	5,546	6,543
Parks and recreation	29,981	18,565	21,865	21,755
Convention and event services	5,426	5,471	5,312	5,435
Operating expenditures	-	-	-	-
Capital outlay	-	38,362	24,169	57,271
Debt Service:				
Principal retirement	27,860	27,420	28,270	28,030
Redemption premium	-	-	-	-
Interest and fiscal charges	15,663	15,186	14,637	14,632
Bond issuance cost	-	133	-	-
Total expenditures	$ 266,995	$ 257,202	$ 254,233	$ 302,822
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ (36,404)	$ (27,841)	$ (16,751)	$ (49,240)
OTHER FINANCING SOURCES (USES):				
Bonds issued*	24,920	25,590	24,155	303,365
Capital lease	-	1,159	301	1,626
Proceeds from sale of capital assests	-	-	633	-
Refunding bonds issued	-	17,840	-	68,000
Bond premium	-	2,778	-	12,577
Payment of escrow for refunding	-	(18,835)	-	(72,240)
Gain on sale of land	-	-	-	-
Bond discount	-	-	-	-
Transfers in	14,479	25,922	24,324	51,301
Transfers out	(9,231)	(17,692)	(14,676)	(15,317)
Total other financing sources (uses)	$ 30,168	$ 36,762	$ 34,737	$ 349,312
NET CHANGE IN FUND BALANCES	$ (6,236)	$ 8,921	$ 17,986	$ 300,072
Capitalized Capital outlay	16,994	5,043	(5,398)	25,626
Debt service as a percentage of noncapital expenditures	17.4%	16.9%	16.5%	15.4%

Source: City of Arlington Financial and Management Resources

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

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
$ 189,671	$ 197,877	$ 205,531	$ 208,756	$ 210,767	$ 209,077
5,074	4,399	4,650	5,881	6,801	7,146
31,140	29,145	25,994	25,038	25,769	27,260
7,675	7,528	10,515	12,949	13,861	15,194
13,307	7,081	7,363	9,687	11,117	8,791
20,041	20,196	22,476	18,573	18,063	20,836
18,559	20,665	11,591	5,453	4,025	5,004
(314)	2,041	201	1,750	1,715	(1,201)
77,683	121,720	145,029	411,788	44,839	2,243
13,309	15,586	20,619	22,244	26,801	23,017
-	-	2,091	4,430	5,971	8,276
2,894	29,487	4,915	3,431	7,129	6,826
$ 379,039	$ 455,725	$ 460,975	$ 729,980	$ 376,858	$ 332,469
30,839	30,792	35,911	36,150	35,599	41,512
103,772	112,704	119,585	124,424	126,934	128,519
36,127	37,516	45,968	41,774	35,493	44,003
1,684	1,695	1,826	2,287	2,770	3,737
9,483	11,166	39,253	10,142	10,969	11,045
21,261	23,625	24,452	24,340	23,666	23,975
5,094	5,628	6,533	6,299	6,321	6,194
-	-	-	-	-	-
144,473	278,858	337,661	476,149	79,365	26,389
26,160	26,415	24,825	30,180	30,975	61,785
-	-	-	-	-	1,116
25,428	25,019	27,054	48,672	29,352	28,703
-	-	-	-		-
$ 404,321	$ 553,418	$ 663,068	$ 800,417	$ 381,444	$ 376,978
$ (25,282)	$ (97,693)	$ (202,093)	$ (70,437)	$ (4,586)	$ (44,509)
10,780	-	105,075	-	62,560	15,275
-	-	322	-	-	-
-	-	-	201	-	-
-	-	-	175,005	16,020	41,065
-	-	-	-	2,870	2,318
-	-	-	(164,265)	(12,913)	(39,252)
-	-	2,105	-	-	-
-	-	-	(4,130)	-	-
26,263	19,366	30,833	37,507	33,915	31,769
(20,456)	(16,659)	(20,551)	(26,942)	(23,662)	(23,820)
$ 16,587	$ 2,707	$ 117,784	$ 17,376	$ 78,790	$ 27,355
$ (8,695)	$ (94,986)	$ (84,309)	$ (53,061)	$ 74,204	$ (17,154)
109,309	244,539	334,622	421,989	101,356	26,580
17.5%	16.7%	15.8%	20.8%	21.5%	25.8%

CITY OF ARLINGTON, TEXAS

Table 5

TAXABLE VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (In Thousdands)

(Unaudited)

Fiscal Year	Estimated Actual Value of Taxable Property: Real Property	Estimated Actual Value of Taxable Property: Personal Property	Total Taxable Value [1]	Total Direct Tax Rate
1996	$ 7,380,393	$ 1,740,700	$ 9,121,092	0.6400
1998	8,260,015	1,920,975	10,180,990	0.6380
1999	8,905,619	1,962,967	10,868,586	0.6380
2000	9,466,395	1,948,751	11,415,146	0.6380
2001	10,344,386	2,090,767	12,435,153	0.6340
2002	11,304,546	2,208,832	13,513,378	0.6340
2003	12,099,808	2,244,193	14,344,001	0.6340
2004	12,899,757	2,118,968	15,018,725	0.6480
2005	13,349,818	2,249,502	15,599,320	0.6480
2006	13,930,567	2,213,014	16,143,581	0.6480
2007	14,557,436	2,235,989	16,793,425	0.6480
2008	15,304,029	2,287,200	17,591,229	0.6480
2009	15,859,827	2,386,993	18,246,820	0.6480
2010	15,647,090	2,604,015	18,251,105	0.6480
2011	14,809,609	2,369,503	17,179,112	0.6480

Source: City of Arlington Financial and Management Resources

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

CITY OF ARLINGTON, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES (per $100 of assessed value) Table 6
Last Ten Fiscal Years
(Unaudited)

	City Direct Rates			Overlapping Rates				
Tax Year[3]	Operating/ General Rate	General Obligation Debt Service	Total Direct	Arlington Independent School District[1]	HEB Independent School District[1]	Kennedale Independent School District[1]	Mansfield Independent School District[1]	Tarrant County[2]
2002	0.3429	0.2911	0.6340	1.65	1.65	1.61	1.67	0.62
2003	0.3620	0.2720	0.6340	1.74	1.71	1.62	1.68	0.64
2004	0.3879	0.2601	0.6480	1.76	1.66	1.61	1.68	0.65
2005	0.4023	0.2457	0.6480	1.75	1.72	1.80	1.77	0.65
2006	0.4244	0.2236	0.6480	1.61	1.60	1.72	1.69	0.65
2007	0.4467	0.2013	0.6480	1.28	1.30	1.36	1.45	0.64
2008	0.4467	0.2013	0.6480	1.27	1.30	1.49	1.45	0.63
2009	0.4467	0.2013	0.6480	1.27	1.30	1.49	1.45	0.65
2010	0.4330	0.2150	0.6480	1.34	1.29	1.55	1.50	0.65
2011	0.4393	0.2087	0.6480	1.31	1.41	1.51	1.50	0.66

Source: City of Arlington Financial and Management Resources

Note:
1 A single property owner's total tax rate would only include one independent school district's (Arlington, Hurst-Euless-Bedford, Kennedale, or Mansfield) tax rate.
2 This column includes the tax rates for Tarrant County, the Tarrant County Junior College District, the Tarrant County Hospital District and the TC Regional Water District
3 The City budgets tax revenue based on the tax valuation from the previous tax year. For example, the rates in 2010 determine revenue for fiscal year 2011.

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

	2011	
Taxpayer	Total Taxable Value	Percentage of Total City Taxable Value[a]
General Motors Corp.	$ 193,199,696	1.12 %
Chesapeake Operating	189,425,480	1.10
Oncor Electric Delivery	142,616,036	0.83
Parks @ Arlington	140,258,067	0.82
Arlington Highlands	112,691,550	0.66
Six Flags Fund	75,633,646	0.44
Quicksilver Resources	65,602,630	0.38
Wal-Mart Real Estate	60,580,492	0.35
Southwestern Bell	55,010,430	0.32
USMD Surgical Hospital	52,837,421	0.31
Total	$ 1,087,855,448	6.33 %

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

Table 7

	2002	
Taxpayer	Total Taxable Value	Percentage of Total City Taxable Value[b]
General Motors Corp.	$ 361,321,516	2.67 %
Oncor Electric Delivery Co	151,139,100	1.12
Southwestern Bell	101,792,723	0.75
Parks @ Arlington	75,956,198	0.56
Six Flags Over Texas	75,736,199	0.56
National Semiconductor	63,607,152	0.47
Don Davis	49,508,130	0.37
EQR Operating LTD	44,446,796	0.33
Chase Bank of Texas	43,987,200	0.33
TCI Public Utility	37,597,754	0.28
Total	$ 1,005,092,768	7.44 %

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
2002	$ 85,674,820	$ 84,218,512	98.30	$ 1,237,509	$ 85,456,021	99.74
2003	90,940,968	89,259,973	98.15	1,455,490	90,715,463	99.75
2004	97,321,335	96,929,494	99.60	127,014	97,056,508	99.73
2005	101,083,596	98,914,959	97.85	1,907,981	100,822,940	99.74
2006	104,610,406	102,395,260	97.88	2,013,688	104,408,948	99.81
2007	108,821,392	106,139,829	97.54	2,469,033	108,608,862	99.80
2008	114,126,102	111,408,733	97.62	2,470,602	113,879,335	99.78
2009	118,239,391	116,351,305	98.40	1,628,643	117,979,948	99.78
2010	118,267,158	115,750,354	97.87	1,946,742	117,697,096	99.52
2011	111,320,648	109,098,499	98.00	1,251,819	110,350,318	99.13

Source: City of Arlington Financial and Management Resources

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

ARLINGTON

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

	Governmental Activities				Business-Type Activities		
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Commercial Paper	Stadium Debt	Water and Sewer Revenue Bonds	Total Primary Government	Percentage of Total Taxable Value
2002	$ 256,795,000	$ 42,855,000	$ -	$ -	$ 94,575,000	$ 394,225,000	2.92%
2003	258,190,000	39,630,000	-	-	83,650,000	381,470,000	2.66%
2004	258,960,000	34,745,000	-	-	87,935,000	381,640,000	2.54%
2005	232,475,000	37,600,000	-	297,990,000	94,790,000	662,855,000	4.25%
2006	226,760,000	25,935,000	2,000,000	297,990,000	84,510,000	637,195,000	3.95%
2007	205,875,000	22,405,000	14,000,000	297,990,000	99,000,000	639,270,000	3.81%
2008	242,920,000	65,610,000	22,000,000	297,990,000	90,770,000	719,290,000	4.09%
2009	221,380,000	61,920,000	22,000,000	303,780,000	100,500,000	709,580,000	3.89%
2010	254,425,000	69,465,000	17,200,000	298,550,000	110,220,000	749,860,000	4.11%
2011	251,450,000	65,285,000	12,900,000	263,635,000	116,675,000	709,945,000	4.13%

Source: City of Arlington Financial and Management Resources

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 13 for personal income and population data.

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

Table 9

Estimated Population	Per Capita[a]	Percentage of Personal Income
346,197	$ 1,139	0.83%
351,719	1,085	0.78%
355,634	1,073	0.73%
361,300	1,835	1.01%
362,393	1,758	0.89%
364,300	1,755	0.84%
369,150	1,949	0.91%
370,450	1,915	N/R
365,438	2,052	N/R
365,930	1,940	N/R

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

	General Bonded Debt Outstanding			
Fiscal Year	General Obligation Bonds	Certificates of Obligations	Commercial Paper	Total
2002	$ 256,795,000	$ 42,855,000	$ -	$ 299,650,000
2003	258,190,000	39,630,000	-	297,820,000
2004	258,960,000	34,745,000	-	293,705,000
2005	232,475,000	37,600,000	-	270,075,000
2006	226,760,000	25,935,000	2,000,000	254,695,000
2007	205,875,000	22,405,000	14,000,000	242,280,000
2008	242,920,000	65,610,000	22,000,000	330,530,000
2009	221,380,000	61,920,000	22,000,000	305,300,000
2010	254,425,000	69,465,000	17,200,000	341,090,000
2011	251,450,000	65,285,000	12,900,000	329,635,000

Source: City of Arlington Financial and Management Resources, Census
* 2010 population is based on census data; All other years are estimates.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
[a]See Table 5 for property value data.
[b]See Table 13 for population data.
N/R - not reported

Table 10

Percentage of Actual Taxable Value of Property[a]	Per Capita[b]	Estimated Population	
2.22%	$ 866	346,197	
2.08%	847	351,719	
1.96%	826	355,634	
1.73%	748	361,300	
1.58%	703	362,393	
1.44%	665	364,300	
1.88%	895	369,150	
1.67%	824	370,450	
1.87%	933	365,438	*
1.92%	901	365,930	

CITY OF ARLINGTON, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2011
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Arlington I.S.D.	$ 467,278,099	77.90%	$ 364,009,639
Hurst-Euless-Bedford I.S.D.	342,772,417	0.58%	1,988,080
Kennedale I.S.D.	51,728,896	51.52%	26,650,727
Mansfield I.S.D.	699,241,309	29.92%	209,213,000
Tarrant County	335,050,000	14.87%	49,821,935
Tarrant County Junior College District	30,588,040	14.87%	4,548,442
Tarrant County Hospital District	58,565,000	14.87%	8,708,616
Subtotal overlapping debt	1,985,223,761		664,940,438
City of Arlington, net debt outstanding	$ 316,820,000	100.00%	$ 316,820,000
Total direct and overlapping debt	$ 2,302,043,761		$ 981,760,438

Source: City of Arlington Financial and Management Resources

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

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

Table 12

	Waterworks and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues [1]	Less: Operating Expenses [2]	Net Available Revenue [3]	Average Annual Requirement	Times Coverage [4]
2002	82,064	57,482	24,582	6,664	3.69
2003	82,925	57,309	25,616	6,067	4.22
2004	89,413	57,556	31,857	6,078	5.24
2005	93,399	55,139	38,260	6,615	5.78
2006	104,920	63,171	41,749	6,176	6.76
2007	90,471	61,044	29,427	6,660	4.42
2008	104,520	63,231	41,289	6,141	6.72
2009	109,168	75,714	33,454	7,119	4.70
2010	107,800	73,859	33,941	7,013	4.84
2011	123,442	81,749	41,693	7,663	5.44

Source: City of Arlington Financial and Management Resources

Note: [1] Revenue determined on the full accrual basis and includes nonoperating interest
[2] Total expenses less depreciation and bond interest
[3] Gross operating revenues (1) less expenses (2)
[4] Net revenue available for debt service (3) divided by average annual debt service requirement

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

Table 13

Year	Estimated Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	346,197	47,735,316	31,295	33.2	62,104	5.6%
2003	351,719	49,151,450	31,565	33.1	62,345	5.9%
2004	355,634	51,951,087	32,735	32.8	62,531	5.2%
2005	361,300	65,868,221	34,430	31.6	62,267	5.0%
2006	362,393	71,783,543	36,427	31.6	63,397	4.5%
2007	364,300	76,104,528	37,573	31.4	63,082	4.1%
2008	369,150	78,864,176	38,018	32.0	62,863	4.7%
2009	370,450	N/R	N/R	N/R	63,506	7.3%
2010	365,438 *	N/R	N/R	N/R	63,989	7.8%
2011	365,930	N/R	N/R	N/R	64,979	7.6%

Sources: City of Arlington Financial and Management Resources
* 2010 population is based on census data; All other years are estimates.

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

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

Table 14

2011

Employer	Type of Business	Employees	Percentage of Total City Employment
Arlington Independent School District	Public Education	8,000	3.82%
University of Texas at Arlington	Higher Education	5,300	2.53%
Six Flags Over Texas	Amusement Park	3,800	1.81%
The Parks at Arlington	Retail	3,500	1.67%
City of Arlington	Municipality	2,466	1.18%
General Motors	Automobile Assembly	2,400	1.14%
Texas Health Resources - AMH	Medical Center	2,000	0.95%
Chase Bank	Banking Services	1,965	0.94%
Texas Rangers Baseball Club	Major League Baseball	1,881	0.90%
Wal-Mart	Retail	1,385	0.66%
Total		32,697	15.60%

2002

Employer		Employees	Percentage of Total City Employment
Arlington Independent School District	Public Education	7,276	3.64%
University of Texas at Arlington	Higher Education	4,417	2.21%
Six Flags Over Texas	Amusement Park	3,250	1.63%
General Motors	Automobile Assembly	3,000	1.50%
City of Arlington	Municipality	2,380	1.19%
Arlington Memorial Hospital	Medical Center	1,900	0.95%
AmeriCredit	Financial Services	1,550	0.78%
Southwest Sports Group	Private Equity	1,526	0.76%
Providian Financial	Financial Services	1,219	0.61%
National Semiconductor	Manufacturing	1,150	0.58%
Total		27,668	13.85%

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

Note: 2011 Employment Estimate (as of September 2011) is 209,680
2002 Employment Estimate is 199,770

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

Function/Program	2002	2003	2004
Strategic Support			
*Management Resources	3	-	-
City Attorney's Office	30	28	29
City Manager's Office	11	29	28
Internal Auditor's Office	5	-	-
Workforce Services	135	121	119
Judiciary	-	-	-
Municipal Court	4	4	4
Information Technology	48	40	38
IT - Internal Services Fund	14	15	15
*Financial & Mgmt Resources	70	69	67
Knowledge Services Fund	14	14	12
Economic Development & Capital Investment			
Economic Development	-	-	-
Community Development and Planning	55	54	52
Aviation	-	-	-
Convention Center	35	35	33
Neighborhood Services			
Police	714	706	746
**Fire	301	304	302
Code Compliance Services	72	69	66
Park and Recreation	138	137	132
Park Performance Fund	72	67	66
Library	66	71	68
Capital Investment			
Public Works & Transportation	-	-	118
Street Maintenance Fund	80	67	76
Environmental Services	-	-	-
Fleet Services Fund	24	24	3
Water Utilities Fund	227	225	223
Storm Water Utility Fund	-	-	-
Grant Funds	105	104	77
Support Services	36	30	28
Sanitary Landfill Fund	26	26	26
Transportation	72	68	-
Engineering Services	79	73	-
Total	2,436	2,380	2,328

Source: City of Arlington Financial and Management Resources

Note:

* Management Resources and Finance merged into Financial & Management Resources

**Fire umbrellas communication services fund (2011, 106 FTEs) and EPAB (2011, 2 FTEs)

Table 15

	Fiscal Year					
2005	2006	2007	2008	2009	2010	2011
23	31	42	42	-	-	-
33	33	37	37	38	38	38
9	4	6	4	4	3	3
-	6	6	6	6	5	5
119	19	23	23	20	19	19
-	-	5	6	6	6	6
4	4	46	46	43	42	41
38	38	34	34	33	33	33
15	15	20	20	20	21	21
78	30	31	31	74	69	69
12	13	10	10	11	11	9
-	-	3	3	3	3	3
53	56	69	73	70	68	64
-	-	8	8	8	8	8
33	32	31	32	32	31	31
745	745	768	793	811	781	789
302	302	407	414	426	423	424
67	74	72	77	77	75	69
132	125	130	115	119	118	103
66	66	61	81	75	72	72
64	64	71	71	70	69	68
114	112	125	133	89	93	90
75	71	62	62	92	92	91
-	-	10	10	4	-	0
3	2	2	2	1	1	1
223	219	219	218	219	219	222
-	-	-	-	24	24	27
77	79	85	88	93	153	152
31	170	-	-	-	-	0
26	-	-	-	-	-	0
-	-	-	-	-	-	0
-	-	-	-	-	-	0
2,342	2,310	2,383	2,439	2,468	2,477	2,458

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

	Fiscal Year			
Function/Program	2002	2003	2004	2005
Public safety				
Police				
Number of employees	718	726	524	534
Number of dispatch calls	158,229	150,352	142,154	146,891
Fire				
Number of employees	297	296	296	301
Number of service calls	28,924	26,381	28,734	27,788
Miles of streets and alleys				
Street - paved (lane miles)	1,959	1,991	2,029	2,477
Sidewalks (miles)	407	419	425	908
Parks and recreational				
Parks - programs registration	N/R	N/R	31,355	36,407
Membership			48,274	34,763
Library				
Central library	1	1	1	1
Branch libraries	4	5	5	5
Book stock	486,176	515,113	507,891	522,703
Average monthly circulation	128,639	125,512	131,244	131,738
Water and sewer				
Number of accounts	96,974	94,279	101,057	102,421
Average daily water consumption (gallons)	52,169,473	56,364,260	51,550,000	53,550,000
Ozonated treatment capacity (gpd)	174,110,000	174,000,000	174,000,000	174,000,000
Miles of water mains	1,414	1,428	1,350	1,358
Number of fire hydrants	8,091	9,233	9,992	10,195
Number of sewer connections	90,198	91,774	94,052	95,479
Golf Course				
Number of clinics	38	13	24	3
Number of participants in clinics	515	241	338	44
Number of private lessons	2,401	2,037	2,639	984

Source: City of Arlington Financial and Management Resources

Notes: N/R - not reported
2004-2011 Police employment represents full-time sworn officers

Table 16

Fiscal Year					
2006	2007	2008	2009	2010	2011
558	582	598	621	634	634
146,408	147,668	142,861	139,251	161,695	135,552
394	407	414	426	423	424
48,468	30,665	31,090	30,955	33,012	34,445
2,939	2,969	2,985	2,996	3,002	3,004
974	981	988	993	999	1,005
20,573	38,366	39,450	48,442	45,855	41,479
41,031	41,205	39,398	35,756	38,285	39,282
1	1	1	1	1	1
5	5	6	6	6	6
579,445	598,869	611,402	623,767	612,272	602,339
134,710	139,909	155,417	177,075	186,606	199,616
97,299	98,195	98,924	99,141	99,288	99,484
65,019,372	47,582,642	53,516,147	51,697,563	48,128,986	64,096,000
140,000,000	140,000,000	140,000,000	140,000,000	172,500,000	172,500,000
1,378	1,378	1,532	1,545	1,551	1,557
10,325	10,493	10,550	10,711	10,780	10,856
95,124	96,905	96,905	96,895	97,185	104,039
104	127	92	133	129	78
438	646	517	508	495	348
2,071	1,770	1,653	1,631	1,253	1,246

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

	Fiscal Year			
Function/Program	2001	2002	2003	2004
Public safety				
Police stations	2	2	3	3
Fire stations	16	16	16	16
Miles of streets and alleys				
Streets- paved (lane miles)	1,907	1,959	1,991	2,029
Sidewalks (miles)	390	407	419	425
Cultural and recreational				
Parks (acres) (golf courses included)	4,226	4,180	4,529	4,529
Swimming pools	5	6	6	5
Tennis courts	41	49	48	49
Recreation centers	5	5	5	5
Senior center	-	-	-	-
Miles of park trails	35	33	43	43
Sports fields-youth	80	122	73	54
Basketball courts-outdoors	29	29	24	24
Number of golf courses	4	4	4	4
Water and Sewer				
Water mains (miles)	1,392	1,414	1,428	1,350
Fire hydrants	8,253	8,091	9,233	9,992
Sanitary sewers (miles)	1,145	1,163	1,176	1,181

Source: City of Arlington Financial and Management Resources

Table 17

Fiscal Year						
2005	2006	2007	2008	2009	2010	2011
3	3	3	3	4	4	4
16	16	16	16	16	16	16
2,477	2,939	2,969	2,985	2,996	3,002	3,004
908	974	981	988	993	999	1,005
4,652	4,652	4,663	4,669	4,681	4,683	4,683
7	6	7	7	7	7	7
49	49	49	47	45	45	45
5	5	5	5	5	5	5
2	2	2	2	2	2	2
45	40	43	46	47	52	49
54	77	77	77	77	77	77
24	22	22	22	22	21	22
4	4	4	4	4	4	4
1,358	1,378	1,389	1,532	1,545	1,551	1,557
10,195	10,325	10,493	10,550	10,711	10,780	10,856
1,186	1,194	1,194	1,282	1,286	1,289	1,294

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
2002	290,670	363,021	80.1%	72,351	110,577	65.4%	12.75%	3.17%
2003	316,095	397,483	79.5%	81,388	110,722	73.5%	12.67%	3.18%
2004	336,817	433,336	77.7%	96,519	109,451	88.2%	13.22%	3.59%
2005	342,453	444,422	77.1%	101,969	115,074	88.6%	14.18%	4.34%
2006	334,823	447,440	74.8%	112,617	113,822	98.9%	14.55%	4.85%
2007	342,766	466,521	73.5%	123,755	128,574	96.3%	14.88%	5.10%
2008	348,785	569,404	61.3%	220,619	130,958	168.5%	15.51%[a]	9.44%
2009	360,029	594,442	60.6%	234,413	143,791	163.0%	16.76%[b]	9.95%
2010	373,897	621,177	60.2%	247,280	147,276	167.9%	17.85%[c]	10.19%
2011	688,015	832,168	82.7%	144,153	142,875	100.9%	17.16%[d]	8.44%

Source: City of Arlington Financial and Management Resources

[a] Phase in rate for 2008 15.51%

[b] Phase in rate for 2009 16.76%

[c] Phase in rate for 2010 17.85%