



OFFICIAL STATEMENT

Dated November 9, 2022

Rating:
S&P: "AAA" (stable outlook)
(see "OTHER INFORMATION -
Rating" herein)

NEW ISSUE - Book-Entry-Only

Interest on the Bonds will be included in gross income for federal income tax purposes. See "TAX MATTERS" herein.

\$8,000,000
CITY OF GRAND PRAIRIE, TEXAS
(Dallas, Tarrant and Ellis Counties)
GENERAL OBLIGATION BONDS, TAXABLE SERIES 2022

Dated Date: November 1, 2022

Due: February 15, as shown on page 2 hereof

Interest to accrue from Delivery Date (defined below)

PAYMENT TERMS . . . Interest on the \$8,000,000 City of Grand Prairie, Texas, General Obligation Bonds, Taxable Series 2022 (the "Bonds") will accrue from the Delivery Date, estimated to be December 6, 2022, will be payable February 15 and August 15 of each year commencing February 15, 2023 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Home Rule Charter of the City of Grand Prairie, Texas (the "City"), the Constitution and general laws of the State of Texas, including particularly Texas Government Code, Chapters 1331 and 1371, as amended, and an election held within the City on May 1, 2021, and an ordinance adopted by the City Council of the City on October 11, 2022, authorizing the issuance of the Bonds (the "Bond Ordinance") which delegated to an authorized officer of the City (the "Pricing Officer") the authority to execute a pricing certificate (the "Pricing Certificate" and together with the Bond Ordinance, the "Ordinance"), which Pricing Certificate was executed on November 9, 2022 and contains the final sale terms of the Bonds. The Bonds are direct obligations of the City, payable from a continuing, annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Bond Ordinance (see "THE BONDS - Authority for Issuance of the Bonds" and "- Security and Source of Payment for the Bonds").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purposes of providing funds (i) for promoting economic development throughout the City, through planning, designing, constructing, improving, extending and expanding public streets, utilities, and other infrastructure facilities, including the acquisition of land therefor, and through the City's programs for economic development and housing including the acquisition of improved and unimproved properties, the demolition of existing structures, making grants, loans and otherwise providing assistance with bond proceeds to promote economic development and to stimulate business and commercial activity in the City for private commercial, industrial, retail, residential and mixed-use development, hospitality and entertainment projects and neighborhood revitalization projects; and (ii) to pay the costs associated with the issuance of the Bonds.

CUSIP PREFIX: 386138
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser (the "Initial Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the City by West & Associates, L.L.P., Disclosure Counsel, Dallas, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on or about December 6, 2022 (the "Delivery Date").

Financial Advisory Services
Provided By



MATURITY SCHEDULE

CUSIP Prefix: 386138⁽¹⁾

\$8,000,000
GENERAL OBLIGATION BONDS, TAXABLE SERIES 2022

| Amount | 15-Feb Maturity | Interest Rate | Initial Yield | CUSIP Suffix ⁽¹⁾ |
|------------|--------------------|------------------|------------------|--------------------------------|
| \$ 225,000 | 2024 | 6.000% | 4.750% | M24 |
| 240,000 | 2025 | 6.000% | 4.770% | M32 |
| 250,000 | 2026 | 6.000% | 4.800% | M40 |
| 270,000 | 2027 | 6.000% | 4.850% | M57 |
| 285,000 | 2028 | 6.000% | 4.900% | M65 |
| 300,000 | 2029 | 6.000% | 4.950% | M73 |
| 320,000 | 2030 | 5.000% | 5.000% | M81 |
| 335,000 | 2031 | 5.050% | 5.050% | M99 |
| 355,000 | 2032 | 5.100% | 5.100% | N23 |
| 370,000 | 2033 | 5.150% | 5.150% | N31 |

\$805,000 5.250% Term Bonds Due February 15, 2035 Priced to Yield 5.250% - CUSIP Suffix⁽¹⁾ N56

\$895,000 5.350% Term Bonds Due February 15, 2037 Priced to Yield 5.350% - CUSIP Suffix⁽¹⁾ N72

\$995,000 5.450% Term Bonds Due February 15, 2039 Priced to Yield 5.450% - CUSIP Suffix⁽¹⁾ N98

\$1,110,000 5.550% Term Bonds Due February 15, 2041 Priced to Yield 5.550% - CUSIP Suffix⁽¹⁾ P39

\$1,245,000 5.650% Term Bonds Due February 15, 2043 Priced to Yield 5.650% - CUSIP Suffix⁽¹⁾ P54

(Interest to accrue from Delivery Date.)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. The City, the Financial Advisor and the Initial Purchaser take no responsibility for the accuracy of such numbers.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2030, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption of the Bonds").

MANDATORY SINKING FUND REDEMPTION . . . The Bonds maturing on February 15 in the years 2035, 2037, 2039, 2041 and 2043 (the "Term Bonds") are subject to mandatory sinking fund redemption in part prior to maturity at a price of par plus accrued interest to the redemption date (see "THE BONDS - Mandatory Sinking Fund Redemption").

(THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY)

This Official Statement, which includes the cover page, maturity schedule and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Initial Purchaser. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

THE AGREEMENTS OF THE CITY AND OTHERS RELATED TO THE BONDS ARE CONTAINED SOLELY IN THE CONTRACTS DESCRIBED HEREIN. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER STATEMENT MADE IN CONNECTION WITH THE OFFER OR SALE OF THE BONDS IS TO BE CONSTRUED AS CONSTITUTING AN AGREEMENT WITH THE PURCHASERS OF THE BONDS. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE MATURITY SCHEDULE AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

None of the City, the Financial Advisor, or the Initial Purchaser make any representation regarding the information contained in this Official Statement regarding DTC or its Book-Entry-Only System, as such information has been furnished by DTC. CUSIP numbers have been assigned to these issues by CUSIP Global Services, and are included solely for the convenience of the owners of the Bonds. None of the City, the Financial Advisor, or the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown on the inside cover page.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or hyperlinks contained therein are not incorporated into, and are not a part of, this Official Statement for any purposes.

TABLE OF CONTENTS

| | | | |
|--|----|---|----|
| OFFICIAL STATEMENT SUMMARY | 5 | TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS | 25 |
| CITY OFFICIALS, STAFF AND CONSULTANTS | 8 | TABLE 11 - CHANGE IN NET ASSETS | 29 |
| ELECTED OFFICIALS | 8 | TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY | 30 |
| SELECTED ADMINISTRATIVE STAFF | 8 | TABLE 13 - MUNICIPAL SALES TAX HISTORY | 31 |
| CONSULTANTS AND ADVISORS | 8 | | |
| INTRODUCTION | 10 | | |
| PLAN OF FINANCING | 11 | | |
| THE BONDS | 11 | | |
| TAX INFORMATION | 14 | | |
| TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT | 21 | | |
| TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY | 23 | | |
| TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY | 24 | | |
| TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY | 24 | | |
| TABLE 5 - TEN LARGEST TAXPAYERS | 24 | | |
| TABLE 6 - ESTIMATED OVERLAPPING DEBT | 25 | | |
| DEBT INFORMATION | 26 | | |
| TABLE 7 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS | 26 | | |
| TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION | 27 | | |
| TABLE 9 - COMPUTATION OF RESOURCES FOR PAYMENT OF SELF-SUPPORTING DEBT | 27 | | |

| | |
|---|----|
| INVESTMENTS | 30 |
| TABLE 14 - CURRENT INVESTMENTS | 32 |
| TAX MATTERS | 34 |
| CONTINUING DISCLOSURE OF INFORMATION | 37 |
| OTHER INFORMATION | 35 |
| RATING | 35 |
| LITIGATION | 38 |
| REGISTRATION AND QUALIFICATION OF BONDS FOR SALE | 39 |
| LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS | 39 |
| LEGAL OPINION AND NO LITIGATION CERTIFICATE | 37 |
| CYBERSECURITY | 37 |
| AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION | 37 |
| INITIAL PURCHASER OF THE BONDS | 38 |
| FORWARD-LOOKING STATEMENTS DISCLAIMER | 38 |
| MISCELLANEOUS | 38 |

| | |
|--|---|
| APPENDICES | |
| GENERAL INFORMATION REGARDING THE CITY | A |
| EXCERPTS FROM THE CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT | B |
| FORM OF BOND COUNSEL'S OPINION | C |

The cover page hereof, the maturity schedule, this page, the Appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.



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December 6, 2022

IN REGARD to the authorization and issuance of the "City of Grand Prairie, Texas, General Obligation Bonds, Taxable Series 2022," dated November 1, 2022, in the principal amount of \$8,000,000 (the "Bonds"), we have examined into their issuance by the City of Grand Prairie, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on February 15 in each of the years specified in the pricing certificate (the "Pricing Certificate") executed pursuant to an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (the "Bond Ordinance" and, jointly with the Pricing Certificate, the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to certain facts within the knowledge and control of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the State of Texas in force and effect on the date hereof, the Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP is a limited liability partnership registered under the laws of Texas.

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OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

| | |
|-------------------------------------|--|
| THE CITY | The City of Grand Prairie, Texas (the "City") is a political subdivision and home rule municipal corporation of the State of Texas, located in Dallas, Tarrant and Ellis Counties, Texas. The City covers approximately 81 square miles (see "INTRODUCTION - Description of the City"). |
| THE BONDS | The Bonds are issued as \$8,000,000 General Obligation Bonds, Taxable Series 2022 (the "Bonds"). The Bonds are issued as serial bonds maturing on February 15 in each of the years 2024 through 2033, and as term bonds maturing on February 15 in the years 2035, 2037, 2039, 2041 and 2043 unless redeemed in accordance with the provisions described herein (see "THE BONDS - Description of the Bonds", ("Optional Redemption of the Bonds" and "Mandatory Sinking Fund Redemption"). |
| PAYMENT OF INTEREST | Interest on the Bonds accrues from the Delivery Date, estimated to be December 6, 2022, and is payable February 15, 2023, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds, THE BONDS-Mandatory Sinking Fund Redemption" and "THE BONDS - Optional Redemption of the Bonds"). |
| AUTHORITY FOR ISSUANCE | The Bonds are issued pursuant to the Home Rule Charter of the City, the Constitution and general laws of the State of Texas, including particularly Texas Government Code, Chapters 1331 and 1371, as amended, and an election held within the City on May 1, 2021, and an ordinance adopted by the City Council of the City on October 11, 2022, authorizing the issuance of the Bonds (the "Bond Ordinance") which delegated to an authorized officer of the City (the "Pricing Officer") the authority to execute a pricing certificate (the "Pricing Certificate" and together with the Bond Ordinance, the "Ordinance"), which Pricing Certificate was executed on November 9, 2022 and contains the final sale terms of the Bonds. (see "THE BONDS - Authority for Issuance of the Bonds" and "Security and Source of Payment for the Bonds"). |
| SECURITY FOR THE BONDS | The Bonds, when issued, are direct obligations of the City payable from a direct and continuing, annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Bond Ordinance (see "THE BONDS - Security and Source of Payment for the Bonds"). |
| REDEMPTION | The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2030, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2029 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption of the Bonds"). The Bonds maturing on February 15 in the years 2035, 2037, 2039, 2041 and 2043, (the "Term Bonds") are subject to mandatory sinking fund redemption in part prior to maturity at a price of par plus accrued interest to the redemption date (see "THE BONDS - Mandatory Sinking Fund Redemption"). |
| NO TAX EXEMPTION | Interest on the Bonds will not be excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein. |
| USE OF PROCEEDS | Proceeds from the sale of the Bonds will be used to provide funds (i) for promoting economic development throughout the City, through planning, designing, constructing, improving, extending and expanding public streets, utilities, and other infrastructure facilities, including the acquisition of land therefor, and through the City's programs for economic development and housing including the acquisition of improved and unimproved properties, the demolition of existing structures, making grants, loans and otherwise providing assistance with bond proceeds to promote economic development and to stimulate business and commercial activity in the City for private commercial, industrial, retail, residential and mixed-use development, hospitality and entertainment projects and neighborhood revitalization projects; and (ii) to pay the costs associated with the issuance of the Bonds. |
| RATING | The Bonds have been rated "AAA" with a (stable outlook) by S&P Global Ratings, a division of S&P Global Inc. ("S&P") (see "OTHER INFORMATION - Rating"). |
| BOOK-ENTRY-ONLY SYSTEM | The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for |

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unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY . . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

TAX INCREMENT REINVESTMENT ZONES . . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS . . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see "TAX INFORMATION – City Application of Tax Code".

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. For tax years beginning prior to January 1, 2022, except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For tax years beginning on or after January 1, 2022, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

CITY AND TAXPAYER REMEDIES . . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller of Public Accounts (the "Comptroller"), and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$52,978,200 for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX INFORMATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES . . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the city recognized pension expense of \$9,704,213.

At September 30, 2021, the City reported deferred inflows/outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference in expected and actual experience [actuarial (gains) or losses] | \$ 2,225,704 | \$ (2,955,950) |
| Difference in assumptions | 690,705 | - |
| Difference in projected and actual earnings on pension plan investments [actuarial (gains) or losses] | - | (15,789,914) |
| Employer's contributions to the pension plan subsequent to the measurement date | 13,313,284 | - |
| | <u>\$ 16,229,693</u> | <u>\$ (18,745,864)</u> |

The \$13,313,284 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Measurement Year Ended December 31 | Net deferred outflows (inflows) of resources |
|--|--|
| 2021 | \$ (5,639,843) |
| 2022 | 431,258 |
| 2023 | (9,202,496) |
| 2024 | (1,345,074) |
| 2025 | (73,300) |
| Total | <u>\$ (15,829,455)</u> |

K. Other Postemployment Benefits (OPEB)

Plan Description

Supplemental Death Benefits

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A) - (B) |
| Balance at December 31, 2019 | \$ 619,684,063 | \$ 556,100,039 | \$ 63,584,024 |
| Changes for the year: | | | |
| Service cost | 18,113,194 | - | 18,113,194 |
| Interest | 41,452,842 | - | 41,452,842 |
| Change of benefit terms | - | - | - |
| Difference between expected and actual experience | (2,363,879) | - | (2,363,879) |
| Changes in assumptions | - | - | - |
| Contributions - employer | - | 16,938,302 | (16,938,302) |
| Contributions - employee | - | 7,047,274 | (7,047,274) |
| Net investment income | - | 42,208,241 | (42,208,241) |
| Benefit payments* | (29,248,955) | (29,248,955) | - |
| Administrative expense | - | (273,140) | 273,140 |
| Other changes | - | (10,657) | 10,657 |
| Net changes | 27,953,202 | 36,661,065 | (8,707,863) |
| Balance at December 31, 2020 | \$ 647,637,265 | \$ 592,761,104 | \$ 54,876,161 |

* Includes refunds of employee contributions

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.75%) or one-percentage-point higher (7.75%) than the current rate:

| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | | |
|---|---------------|-----------------|
| Current | | |
| 1% Decrease | Single Rate | 1% Increase |
| \$ 147,003,326 | \$ 54,876,161 | \$ (20,712,746) |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

"unused increment rate" means the cumulative difference between a city's voter-approval tax rate and its actual tax rate for each of the tax years 2020 through 2022, which may be applied to a city's tax rate in tax years 2021 through 2023 without impacting the voter-approval tax rate.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for an ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Bonds.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$45,000; the disabled are also granted an exemption of \$30,000. Disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces are granted a maximum exemption of up to \$12,000 dependent upon the amount of disability. Disabled veterans (and spouses) awarded 100% disability compensation and a disability rating of 100% are entitled to have 100% of the appraised value of their residence homestead exempted from property taxes.

The City has granted an additional exemption of 12.5% of the appraised value of residence homesteads; the minimum exemption is \$5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property.

Dallas County collects taxes for the City by contract.

The City does permit split payments, and discounts are not allowed.

The City does not tax Freeport Property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted tax abatement guidelines. The City granted partial tax abatements to three companies See "TAX ABATEMENTS" below.

The City has created three TIRZs, but at this time only two are active.

TAX ABATEMENTS . . . The City policy is to grant tax abatements for the development of new facilities or the expansion of existing facilities for which the life of the facility exceeds the life of the abatement. For properties not in an enterprise zone, total investment must exceed \$5,000,000, total job creation must exceed 25 permanent positions, the abatement period may not exceed 10 years and the abatement percentage may not exceed 75%. As of the 2021 certified roll (used for 2022 fiscal year) the City's abatement agreements with three companies resulted in \$38,060,542 in appraised values being exempt from taxation, totaling \$255,005 in taxes abated on the 2021 certified tax roll (used for the 2022 fiscal year).

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2021

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum. The city should insert the plan provisions that they have adopted. For example, the city may include retirement eligibility, employee and employer deposit rates, vesting requirements, and other provisions such as cost-of-living adjustments or updated service credit. Plan provisions, by city, are included in the last section of TMRS' Comprehensive Annual Financial Report (Annual Report) and are also available on the website under For Cities | Resources | My City Plan. The city may also want to refer to TMRS' Plan Description footnote, in the Annual Report, to obtain additional language regarding the pension plan. 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|-------------------|---|
| Global Public Equity | 30.0% | 5.30% |
| Core Fixed Income | 10.0% | 1.25% |
| Non-Core Fixed Income | 20.0% | 4.14% |
| Real Return | 10.0% | 3.85% |
| Real Estate | 10.0% | 4.00% |
| Absolute Return | 10.0% | 3.48% |
| Private Equity | 10.0% | 7.75% |
| Total | 100.0% | |

City Of Grand Prairie, Texas
 Notes to the Basic Financial Statements
 September 30, 2021

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 864 |
| Inactive employees entitled to but not yet receiving benefits | 688 |
| Active employees | <u>1,372</u> |
| Total | <u><u>2,924</u></u> |

(THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY.)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Grand Prairie were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Grand Prairie were 17.00% and 17.44% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$17,966,312, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.5% per year |
| Overall payroll growth | 2.75% per year, adjusted down for population declines, if any |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Tax Year 2022 (FY 22-23) Market Valuation Established by Dallas Central Appraisal District,
Tarrant Appraisal District, and Ellis Appraisal District \$ 25,188,911,283

| | |
|-----------------------------|----------------------|
| Less Exemptions/Reductions: | |
| Homestead | \$ 940,964,055 |
| Over 65 & Disabled | 408,008,270 |
| Disabled Veterans | 232,556,159 |
| Agricultural Use Reductions | 36,166,373 |
| Non-Taxable/Totally Exempt | 1,393,810,482 |
| Freeport Property | 361,681,146 |
| Pollution Control | 4,754,124 |
| Solar | 524,577 |
| Under \$500 | 751,351 |
| Foreign Trade Zone | 84,991,464 |
| Capped Value Loss | 749,291,556 |
| Total Exemptions/Reductions | <u>4,213,499,557</u> |

2022/2023 Taxable Assessed Valuation \$ 20,975,411,726

| | |
|---|------------------|
| Outstanding General Obligation Debt as of 11/1/2022 | \$ 449,467,000 |
| The Bonds | <u>8,000,000</u> |
| Total Outstanding General Obligation Debt as of 11/1/2022 | \$ 457,467,000 |

| | |
|---|----------------|
| Less Self-Supporting General Obligation Debt as of 11/1/2022 ⁽¹⁾ | |
| Airport | \$ 380,000 |
| Public Improvement Districts | <u>235,000</u> |
| Total General Obligation Self-Supporting Debt as of 11/1/2022 | <u>615,000</u> |

Net General Obligation Debt Payable from Ad Valorem Taxes as of 11/1/2022 \$ 456,852,000

Interest and Sinking Fund balance as of 11/1/2022 \$ 1,914,930

Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation 2.18%

2023 Estimated Population - 200,640
Per Capita Taxable Assessed Valuation - \$104,543
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$2,277

(1) The City currently pays debt service on a portion of its outstanding general obligation debt from other available resources of the City as set forth in "Table 9 – Computation of Resources for Payment of Self-Supporting General Obligation Debt". It is the City's current policy to provide these payments from such resources; provided this policy is subject to change in the future. In the event payment is not made from such resources, the City will be required to assess an ad valorem tax sufficient to make such payments. See "Table 9 – Computation of Resources for Payment of Self-Supporting General Obligation Debt" for additional information.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

At September 30, 2021, the change in estimates of accrual liabilities for health coverage for the risk management fund:

| | Beginning of Fiscal Year Liability | Claims and Changes in Estimates | Claim Payments | End of Fiscal Year Liability |
|------|--|---------------------------------------|-------------------|------------------------------------|
| 2021 | \$ 6,283,783 | \$ 20,447,112 | \$ 19,918,777 | 6,812,118 |
| 2020 | 4,145,960 | 19,807,058 | 17,669,235 | 6,283,783 |
| 2019 | 3,971,327 | 15,449,741 | 15,275,108 | 4,145,960 |

J. Defined Benefit Pension Plan

Plan Description

The City participates as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City are as follows:

| | |
|-----------------------------------|--|
| Employee deposit rate | 7% |
| Matching ratio (City to employee) | 2 to 1 |
| Years required for vesting | 5 |
| Service retirement eligibility | 25 years at any age, 5 years at age 60 and above |
| Updated service credit | 100% Repeating transfers |
| Annuity increase to retirees | 70% of CPI Repeating |

Additional information related to the TMRS Plan is located in the TMRS Annual Comprehensive Financial Report.

City Of Grand Prairie, Texas
 Notes to the Basic Financial Statements
 September 30, 2021

The City's current per occurrence and aggregate limits through the TMLRP are as follows:

| Coverage | Per Occurrence | Aggregate |
|---------------------------|----------------|--------------|
| General Liability | \$ 1,000,000 | \$ 2,000,000 |
| Law Enforcement Liability | 3,000,000 | 6,000,000 |
| Errors and Omissions | 3,000,000 | 6,000,000 |
| Automobile Liability | 3,000,000 | N/A |
| Airport Liability | 10,000,000 | 10,000,000 |

Current deductibles with TMLRP are \$350,000 for Workers Compensation with no aggregate retention; \$300,000 for all liability lines (General, Law Enforcement, Public Officials, and Auto Liability); \$1,000 for Automobiles; and \$10,000 for Mobile Equipment.

The City's operating funds are charged premiums for coverage provided by the Risk Management Fund based on approved annual budgets with adjustments based on estimates of the amounts needed to pay prior and current-year claims. These inter-fund premiums are used to reduce the amount of actual expenditures.

Liabilities of the Risk Management Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, timing of filed claims, adjudication of claim benefits, changes in legal doctrines, and damage awards.

Accordingly, claims are reevaluated annually to consider the effects of inflation, plan benefit designs, recent claim settlement trends, claim expense, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The total accrued liabilities for the Risk Management Fund based on the recent September 30, 2021 actuarial report was \$4,883,052.

The City offers group health coverage to its employees and retirees in plans administered by United Health Care using an escrow account funded by the City with both employee and City contributions. The City allows retired employees under age 65 to continue participating in its group health insurance program after retirement with a portion of premiums paid by the City. The amount of premiums paid by retirees is based on the retirement date, length of service with the City, plan selected and dependents covered at the time of retirement. The City retains risk for up to \$400,000 per member per year, and transfers risk in excess of this amount to a reinsurer. Reported claims are charged to expense in the period the loss is incurred. The total accrued liabilities for health insurance as of September 30, 2021 were \$1,929,066.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

| | Taxable Assessed Value for Fiscal Year Ended September 30 ⁽¹⁾ | | | | | |
|--|--|------------|-------------------|------------|-------------------|------------|
| | 2023 | | 2022 | | 2021 | |
| | Amount | % of Total | Amount | % of Total | Amount | % of Total |
| Real, Residential, Single-Family | \$ 11,728,446,107 | 46.56% | \$ 10,265,520,335 | 45.70% | \$ 9,363,788,579 | 43.75% |
| Real, Residential, Multi-Family | 2,087,863,763 | 10.67% | 2,098,009,145 | 9.34% | 1,887,988,272 | 8.92% |
| Real, Vacant Platted Lots/Tracts | 400,008,739 | 1.59% | 357,169,671 | 1.59% | 319,804,651 | 1.51% |
| Real, Acreage (Land Only) | 37,662,627 | 0.15% | 63,099,104 | 0.28% | 68,418,571 | 0.32% |
| Real, Farm and Ranch Improvements | 11,015,925 | 0.04% | 11,303,812 | 0.05% | - | - |
| Real, Commercial and Industrial | 6,254,567,160 | 24.83% | 5,578,782,444 | 24.83% | 5,275,710,240 | 24.92% |
| Oil, Gas Mineral Reserves | 35,086,513 | 0.14% | 23,788,419 | 0.11% | 20,760,977 | 0.10% |
| Real and Tangible Personal, Utilities | 221,473,310 | 0.88% | 222,033,882 | 0.99% | 229,563,151 | 1.08% |
| Tangible Personal, Business | 3,716,411,684 | 14.75% | 3,753,377,147 | 16.71% | 4,609,055,088 | 18.94% |
| Tangible Personal, Other | 9,147,553 | 0.04% | 17,472,657 | 0.08% | 17,940,686 | 0.08% |
| Special Inventory | 87,227,902 | 0.35% | 74,109,057 | 0.33% | 69,545,022 | 0.33% |
| Certified values in dispute | - | 0.00% | - | 0.00% | - | 0.00% |
| Non-Taxable Property | - | 0.00% | - | 0.00% | - | 0.00% |
| Total Appraised Value Before Exemptions | \$ 25,188,911,283 | 100.00% | \$ 22,464,615,113 | 100.00% | \$ 21,172,497,131 | 100.00% |
| Less Exemptions: | | | | | | |
| Homestead | \$ 940,904,055 | | \$ 686,130,452 | | \$ 614,343,854 | |
| Over 65 & Disabled | 468,008,270 | | 486,482,282 | | 388,474,619 | |
| Disabled Veterans | 232,556,119 | | 191,027,262 | | 172,617,663 | |
| Agricultural/Open Spaces | 36,164,373 | | 62,641,160 | | 57,391,026 | |
| Non-Taxable | 1,393,810,482 | | 1,496,233,722 | | 1,524,398,672 | |
| Tax Abatements | - | | 31,243,363 | | 31,640,778 | |
| Freeport Property | 361,681,146 | | 885,513,388 | | 1,010,555,653 | |
| Pollution Control | 4,754,124 | | 5,835,136 | | 2,098,054 | |
| Solar | 524,577 | | - | | - | |
| Under \$500 | 751,351 | | 583,212 | | 475,000 | |
| Com HSE DEV | - | | 2,579,366 | | 272,867 | |
| Foreign Trade Zone | 84,991,464 | | 87,545,062 | | 3,647,180 | |
| Capped Value Loss | 709,291,556 | | 481,037,728 | | 385,085,640 | |
| Total Exemptions | \$ 4,213,499,527 | | \$ 4,338,880,633 | | \$ 4,192,196,016 | |
| Taxable Assessed Value | \$ 20,975,411,756 | | \$ 18,125,734,480 | | \$ 16,980,301,115 | |
| Taxable Assessed Value for Fiscal Year Ended September 30 ⁽¹⁾ | | | | | | |
| | 2020 | | 2019 | | | |
| | Amount | % of Total | Amount | % of Total | | |
| Real, Residential, Single-Family | \$ 8,700,702,995 | 42.82% | \$ 8,170,636,070 | 44.14% | | |
| Real, Residential, Multi-Family | 588,133,327 | 2.89% | 1,445,719,187 | 7.81% | | |
| Real, Vacant Platted Lots/Tracts | 295,614,469 | 1.45% | 292,948,871 | 1.58% | | |
| Real, Acreage (Land Only) | 74,627,276 | 0.37% | 80,528,897 | 0.43% | | |
| Real, Farm and Ranch Improvements | 785,322 | 0.00% | 6,500,357 | 0.04% | | |
| Real, Commercial and Industrial | 5,352,803,809 | 26.33% | 3,474,724,125 | 18.73% | | |
| Oil, Gas Mineral Reserves | 37,733,271 | 0.19% | 18,860,928 | 0.10% | | |
| Real and Tangible Personal, Utilities | 217,858,489 | 1.07% | 197,390,503 | 1.07% | | |
| Tangible Personal, Business | 3,475,124,423 | 17.10% | 3,223,646,846 | 17.41% | | |
| Tangible Personal, Other | 2,657,940 | 0.01% | 10,116,667 | 0.05% | | |
| Special Inventory | 56,371,520 | 0.28% | 65,354,817 | 0.35% | | |
| Certified values in dispute | 411,654,898 | 2.03% | 200,811,716 | 1.08% | | |
| Non-Taxable Property | 1,111,226,677 | 5.47% | 1,324,853,428 | 7.16% | | |
| Total Appraised Value Before Exemptions | \$ 20,325,673,616 | 100.00% | \$ 18,512,092,412 | 100.00% | | |
| Less Exemptions: | | | | | | |
| Homestead | \$ 459,032,839 | | \$ 309,413,678 | | | |
| Over 65 & Disabled | 373,516,804 | | 363,401,064 | | | |
| Disabled Veterans | 138,427,888 | | 116,731,369 | | | |
| Agricultural/Open Spaces | 34,372,699 | | 77,254,519 | | | |
| Non-Taxable | 1,436,365,414 | | 1,324,853,428 | | | |
| Tax Abatements | 38,649,813 | | 30,822,819 | | | |
| Freeport Property | 965,572,510 | | 1,001,108,814 | | | |
| Pollution Control | 2,676,177 | | 2,593,394 | | | |
| Solar | - | | - | | | |
| Under \$500 | 550,935 | | 380,851 | | | |
| Com HSE DEV | 12,303,307 | | 91,880 | | | |
| Foreign Trade Zone | - | | 85,674,719 | | | |
| Capped Value Loss | 539,452,126 | | 444,280,281 | | | |
| Total Exemptions | \$ 4,606,550,508 | | \$ 3,757,076,812 | | | |
| Taxable Assessed Value | \$ 16,325,123,108 | | \$ 14,755,015,593 | | | |

(1) Valuations shown are certified taxable assessed values reported by the three Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records. Variances between the three Appraisal Districts require some estimates or adjustments to these categories' details.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

| Fiscal Year Ended | Estimated Population ⁽¹⁾ | Taxable Assessed Valuation ⁽⁴⁾ | Taxable Assessed Valuation Per Capita | Net G.O. Tax Debt Outstanding at End of Year ⁽¹⁰⁾ | Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation | Net G.O. Tax Debt Per Capita |
|-------------------|-------------------------------------|---|---------------------------------------|--|--|------------------------------|
| 2019 | 189,430 | \$ 14,755,015,593 ⁽⁵⁾ | \$ 77,892 | \$ 307,720,000 | 2.09% | \$ 1,624 |
| 2020 | 196,100 ⁽²⁾ | 16,325,123,108 ⁽⁶⁾ | 83,249 | 285,465,000 | 1.75% | 1,456 |
| 2021 | 197,347 | 16,980,301,115 ⁽⁷⁾ | 86,043 | 370,245,000 | 2.18% | 1,876 |
| 2022 | 200,640 | 18,125,734,480 ⁽⁸⁾ | 90,340 | 448,852,000 | 2.48% | 2,237 |
| 2023 | 200,640 ⁽³⁾ | 20,975,411,726 ⁽⁹⁾ | 104,543 | 428,404,000 ⁽¹¹⁾ | 2.04% | 2,135 |

- (1) Source: City Staff.
- (2) Source: 2020 Census.
- (3) As of October 2022, a population estimate for fiscal year 2023 is not available. Subject to change during the ensuing year.
- (4) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
- (5) Includes taxable incremental value of approximately \$381,547,594 that is not available for the City's general use.
- (6) Includes taxable incremental value of approximately \$424,344,427 that is not available for the City's general use.
- (7) Includes taxable incremental value of approximately \$760,000,000 that is not available for the City's general use.
- (8) Includes taxable incremental value of approximately \$870,000,000 that is not available for the City's general use.
- (9) Includes taxable incremental value of approximately \$1,300,000,000 that is not available for the City's general use.
- (10) Excludes revenue supported general obligation debt. See "Table 9 – Computation of Resources for Payment of Self-Supporting General Obligation Debt."
- (11) Includes the Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

| Fiscal Year Ended | Tax Rate | General Fund | Interest and Sinking Fund | Tax Levy | % Current Collections | % Total Collections |
|-------------------|-------------|--------------|---------------------------|---------------|--------------------------|-----------------------|
| 2019 | \$ 0.669998 | \$ 0.463696 | \$ 0.206302 | \$ 98,194,923 | 98.71% | 99.12% |
| 2020 | 0.669998 | 0.457128 | 0.212870 | 106,940,678 | 98.81% | 98.81% |
| 2021 | 0.669998 | 0.460638 | 0.209360 | 113,882,697 | 98.96% | 98.96% |
| 2022 | 0.664998 | 0.452091 | 0.212907 | 120,535,772 | 98.96% ⁽¹⁾ | 98.96% ⁽¹⁾ |
| 2023 | 0.660000 | 0.446076 | 0.213924 | 139,130,487 | In Process of Collection | |

- (1) Collections as of September 30, 2022.

TABLE 5 - TEN LARGEST TAXPAYERS⁽¹⁾

| Name of Taxpayer | Nature of Property | Tax Year 2022 Taxable Assessed Valuation | % of Total Taxable Assessed Valuation |
|---|--------------------|--|---------------------------------------|
| Poly America LP | Manufacturing | \$ 116,956,012 | 0.56% |
| Lockheed Martin Missiles & Fire Control Systems | Defense Industry | 103,641,610 | 0.49% |
| BVVF Grand Prairie LLC | Real Estate | 99,500,000 | 0.47% |
| ONCOR Electric Delivery | Utility | 78,947,110 | 0.38% |
| Haier US Appliance Solutions Inc | Appliances | 75,206,485 | 0.36% |
| Mid America Apartments LP | Real Estate | 55,500,000 | 0.26% |
| Duke Realty LP | Real Estate | 55,137,150 | 0.26% |
| KIW Grand Prairie Venture LLC | Real Estate | 54,558,400 | 0.26% |
| SWBC Grand Prairie LP | Real Estate | 52,500,000 | 0.25% |
| Prairie Gate Community LLC | Real Estate | 48,800,000 | 0.23% |
| | | \$ 420,649,145 | 2.01% |

- (1) Source: Dallas Central Appraisal District.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Environmental remediation liability activity for the primary government in fiscal year 2021 was as follows:

| Property Description | Beginning Balance 9/30/2020 | Additions | Reductions | Ending Balance 9/30/2021 | Current Portion |
|--------------------------------------|-----------------------------|-----------------|-------------|--------------------------|------------------|
| Copeland Home Asbestos Abatement | \$ 20,900 | \$ - | \$ - | \$ 20,900 | \$ 20,900 |
| Indoor Air Assessment Service Center | - | 6,450 | - | 6,450 | 6,450 |
| Total | \$ 20,900 | \$ 6,450 | \$ - | \$ 27,350 | \$ 27,350 |

Environmental remediation liability activity for the discretely presented component unit, the Grand Prairie Local Government Corporation, in fiscal year 2021 was as follows:

| Property Description | Beginning Balance 9/30/2020 | Additions | Reductions | Ending Balance 9/30/2021 | Current Portion |
|--------------------------------|-----------------------------|-------------------|-------------|--------------------------|-------------------|
| Bella Vista Asbestos Abatement | \$ - | \$ 239,369 | \$ - | \$ 239,369 | \$ 239,369 |
| Total | \$ - | \$ 239,369 | \$ - | \$ 239,369 | \$ 239,369 |

Other Liabilities

Sales Tax Payback

During fiscal year 2008, the Texas Comptroller of Public Accounts notified the City of an error in sales tax payments made to the City. The error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller over several years. The overpayment by the business resulted in an overpayment to the City for \$2,386,466. In 2012, a liability for this amount was recorded by the City and is repaid from future sales tax revenue over a period of thirteen years.

During fiscal year 2021, the Texas Comptroller of Public Accounts notified the City of an error in sales tax payments made to the City. The error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller over several years. The overpayment by the business resulted in an overpayment to the City for \$3,108,638. In 2021, a liability for this amount was recorded by the City and is repaid from future sales tax revenue over a period of six years.

As of September 30, 2021, the total liability equaled \$4,087,229.

I. Risk Management

The City currently administers a deductible program for Workers Compensation, all Liability, Property, Airport, and Crime claims through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP), a public entity risk pool. The TMLIRP sustains itself through member premiums and stop loss coverage for excess claims through commercial insurers.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

The lease has been accounted for as a capital lease. However, only the base rent payments are determinable and are included in the lease payments receivable at the net present value of future rent payments. The remaining portion of the Facility is recorded as estimated unguaranteed residual value of the lease. Its fair value is estimated to be approximately equal to the differences between the original cost plus capitalized improvements of the Facility, net of what accumulated depreciation would be, and the fixed lease payments receivable. Therefore, this amount is being amortized over the life of the lease (thirty years). Amortization for the year ended September 30, 2021 was \$4,555,909. Additional contingent rentals are recorded as revenue when received.

The capital lease is being amortized using the interest method over the 30-year life of the lease. The Corporation has recorded lease rental and interest for the year ended September 30, 2021 as follows:

| | |
|---|--------------------|
| Nominal interest on the lease | \$ 1,756,920 |
| Amortization of the lease | <u>(1,244,624)</u> |
| Net interest | 512,296 |
| Contingent rentals received (includes rent for simulcast facility prior to completion of project) | <u>175,138</u> |
| Total lease rental and interest | <u>\$ 687,434</u> |

Closure and Post Closure Liability

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The City follows the provisions of GASB Statement No. 18 Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs. Accordingly, the City has recorded a closure and post closure care liability of \$9,083,018 in the Solid Waste Fund. The total liability represents the cumulative amount reported to date based on the use of 51.55% of the estimated capacity of the landfill.

The City will recognize the remaining estimated cost of closure and post closure care of \$8,826,451 as the remaining estimated capacity is filled. The City expects to close the landfill in year 2037. Actual cost may be higher or lower due to inflation, changes in technology or changes in regulations.

Environmental Remediation Obligations

The City and the Grand Prairie Local Government Corporation have recorded a liabilities related to environmental remediation in the amount of \$27,350 and \$239,369, respectively, in the Statement of Net Position. The estimates of the liabilities are prepared by the Environmental Professional Group and by the City's Environmental Quality Manager and based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. The estimates are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected.

- The City owns the building and is responsible for the asbestos abatement of the Copeland home located at 125 SW Dallas Street.
- The City owns the Service Center and is responsible for the quality of air circulating throughout it and determining whether it poses any health risks to those inside.
- The Grand Prairie Local Government Corporation owns the building and is responsible for the asbestos abatement located at 1000 W Main Street.

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (however, see "THE BONDS – Tax Rate Limitation").

TABLE 6 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

| Taxing Body | 2022/2023 | | G.O. Debt as of 11/1/2022 | Estimated % Overlapping | Overlapping G.O. Debt |
|--|----------------------------------|--------------------------------------|---------------------------------|-------------------------------|-------------------------------|
| | Taxable Assessed Valuation | 2021/2022 Tax Rate ⁽¹⁾ | | | |
| Arlington Independent School District | \$ 35,674,789,759 | \$ 1.3608 | \$ 1,185,949,956 | 16.90% | \$ 200,425,543 |
| Cedar Hill Independent School District | 5,131,651,355 | 1.2384 | 95,225,144 | 5.79% | 5,513,536 |
| Dallas County | 332,456,203,815 | 0.2279 | 236,605,000 | 3.14% | 7,429,397 |
| Dallas County Flood Control District #1 | 788,652,778 | 0.9860 | 19,230,000 | 3.14% | 603,822 |
| Parkland Hospital District | 337,462,373,563 | 0.2550 | 559,905,000 | 3.14% | 17,581,017 |
| Dallas County Community College District | 345,099,767,531 | 0.1235 | 110,835,000 | 0.84% | 931,014 |
| Dallas County Schools | 332,456,203,815 | 0.0100 | 3,467,730,000 | 0.01% | 346,773 |
| Ellis County | 27,077,999,447 | 0.3393 | 28,755,000 | 0.13% | 37,382 |
| Grand Prairie Independent School District | 11,474,595,436 | 1.3763 | 401,935,000 | 89.10% | 358,124,085 |
| Irving Independent School District | 19,095,365,105 | 1.2077 | 314,700,000 | 0.74% | 2,328,780 |
| Mansfield Independent School District | 17,706,033,837 | 1.4183 | 824,064,839 | 13.42% | 110,589,501 |
| Middleton Independent School District | 8,420,486,267 | 1.3520 | 412,745,000 | 0.38% | 1,568,431 |
| Tarrant County | 248,369,636,349 | 0.2290 | 404,360,000 | 3.77% | 15,244,372 |
| Tarrant County College District | 249,496,147,427 | 0.1302 | 610,315,000 | 3.77% | 23,008,876 |
| Tarrant County Hospital District | 248,562,603,261 | 0.2244 | 12,825,000 | 3.77% | 483,503 |
| | | | <u>\$ 8,685,179,938</u> | | <u>\$ 744,216,030</u> |
| City of Grand Prairie | \$ 20,975,411,726 | \$ 0.6650 | \$ 457,467,000 ⁽²⁾ | 100.00% | \$ 457,467,000 ⁽²⁾ |
| Total Direct and Overlapping Debt | | | | | \$ 1,201,683,030 |
| Total Direct and Overlapping Debt to City's Taxable Assessed Value | | | | | 5.73% |

(1) 2022/2023 tax rate information is unavailable at the time of publication.

(2) Includes self-supporting general obligation debt (see "Table 9-Computation of Resources for Payment of Self-Supporting General Obligation Debt"). Includes the Bonds.

City of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

Leases

Grand Prairie Sports Facilities Development (Sports Corporation) – A Component Unit

On September 15, 1995, the Sports Corporation and LSJC entered into a lease agreement. On October 23, 2002, Lone Star, LSJC, and MEC Lone Star, L.P. (MEC) entered into an asset purchase agreement whereby MEC agreed to purchase substantially all of the racing assets of Lone Star and LSJC. The Master Agreement between the Sports Corporation, Lone Star, and LSJC was terminated. Lone Star and LSJC assigned to MEC all of their rights and obligations under the lease and certain ancillary agreements with the Sports Corporation.

On March 5, 2009, Magna Entertainment Corporation, the parent company of MEC, filed for bankruptcy under Chapter 11 federal bankruptcy protection. Subsequently, on September 14, 2009, Lone Star filed for bankruptcy protection.

On October 23, 2009, an auction for Lone Star was conducted with Global Gaming LSP, LLC (a wholly owned subsidiary of the Chickasaw Nation) winning the auction for \$47 million.

On May 13, 2011, Global Gaming obtained their license with the Texas Racing Commission. The sale was completed on May 16, 2011. Under the terms of the purchase agreement, Global Gaming has agreed to assume the lease agreement between Lone Star and the Sports Corporation.

The agreement states that upon completion of the project, Global Gaming will lease the facility for a period of thirty years. The lease became effective April 1997 and meets the requirements for accounting as a direct financing lease.

The future base rent payments under the lease are as follows:

| Year | Amount |
|----------------------------|---------------------|
| 2022 | \$ 1,888,689 |
| 2023 | 1,932,612 |
| 2024 | 1,932,612 |
| 2025 | 1,932,612 |
| 2026 | 1,932,612 |
| Thereafter | 1,191,777 |
| | 10,810,914 |
| Less interest | 2,109,274 |
| Net present value | 8,701,640 |
| Less current portion | 1,244,624 |
| Non-current portion | \$ 7,457,016 |

Additional contingent rentals are due monthly based upon 1% of gross revenues from the operation of the track for each month plus an amount equal to the cumulative net retainage from the live races and the simulcast races multiplied by the following percentage:

| Cumulative Net Retainages | Percentage |
|--|------------|
| \$0 to less than \$20 million | 1% |
| \$20 million to less than \$40 million | 3% |
| \$40 million to less than \$60 million | 5% |
| \$60 million or more | 7% |

TABLE 7 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

| Fiscal Year | Outstanding Debt Service | | | The Bonds | | | Less: Supporting Debt Service | Net General Obligation Debt Service | % of Principal Retired |
|-------------|--------------------------|----------------|----------------|--------------|--------------|---------------|-------------------------------|-------------------------------------|------------------------|
| | Principal | Interest | Total | Principal | Interest | Total | | | |
| 2023 | \$ 28,708,000 | \$ 13,988,909 | \$ 42,696,909 | \$ - | \$ 304,747 | \$ 304,747 | \$ 282,325 | \$ 42,719,330 | |
| 2024 | 33,386,000 | 12,982,558 | 46,368,558 | 225,000 | 433,848 | 658,848 | 285,475 | 46,741,930 | |
| 2025 | 27,607,000 | 11,857,116 | 39,464,116 | 240,000 | 419,898 | 659,898 | 82,000 | 40,042,013 | |
| 2026 | 32,430,000 | 10,854,854 | 43,284,854 | 250,000 | 405,198 | 655,198 | - | 43,340,051 | |
| 2027 | 28,161,000 | 9,925,088 | 38,086,088 | 270,000 | 389,598 | 659,598 | - | 38,745,686 | 33.07% |
| 2028 | 26,054,000 | 9,052,096 | 35,106,096 | 285,000 | 372,948 | 657,948 | - | 35,764,044 | |
| 2029 | 26,899,000 | 8,195,419 | 35,094,419 | 300,000 | 355,398 | 655,398 | - | 35,749,816 | |
| 2030 | 26,419,000 | 7,347,804 | 33,766,804 | 320,000 | 338,398 | 658,398 | - | 34,425,202 | |
| 2031 | 27,046,000 | 6,524,947 | 33,570,947 | 335,000 | 321,939 | 656,939 | - | 34,227,886 | |
| 2032 | 27,153,000 | 5,704,997 | 32,857,997 | 355,000 | 304,428 | 659,428 | - | 33,517,424 | 62.62% |
| 2033 | 28,174,000 | 4,878,706 | 33,052,706 | 370,000 | 285,848 | 655,848 | - | 33,708,554 | |
| 2034 | 28,419,000 | 4,015,924 | 32,434,924 | 390,000 | 266,083 | 656,083 | - | 33,091,007 | |
| 2035 | 24,446,000 | 3,174,269 | 27,620,269 | 415,000 | 244,951 | 659,951 | - | 28,280,220 | |
| 2036 | 23,585,000 | 2,356,959 | 25,941,959 | 435,000 | 222,421 | 657,421 | - | 26,599,380 | |
| 2037 | 20,785,000 | 1,558,827 | 22,343,827 | 460,000 | 198,480 | 658,480 | - | 23,002,307 | 90.48% |
| 2038 | 11,675,000 | 993,285 | 12,668,285 | 485,000 | 172,959 | 657,959 | - | 13,326,244 | |
| 2039 | 12,050,000 | 619,986 | 12,669,986 | 510,000 | 145,845 | 655,845 | - | 13,325,831 | |
| 2040 | 7,355,000 | 335,687 | 7,690,687 | 540,000 | 116,963 | 656,963 | - | 8,347,650 | |
| 2041 | 7,545,000 | 144,123 | 7,689,123 | 570,000 | 86,160 | 656,160 | - | 8,345,283 | |
| 2042 | 1,570,000 | 23,550 | 1,593,550 | 605,000 | 53,251 | 658,251 | - | 2,251,801 | 99.86% |
| 2043 | - | - | - | 640,000 | 18,080 | 658,080 | - | 658,080 | 100.00% |
| | \$ 449,467,000 | \$ 114,535,105 | \$ 564,002,105 | \$ 8,000,000 | \$ 5,457,435 | \$ 13,457,435 | \$ 649,800 | \$ 576,809,740 | |

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Grand Prairie Housing Finance Corporation

The GPHFC has a general obligation note payable to a bank which was used to construct the Cotton Creek and Willow Tree Learning Center. The note bears a rate of 4.25% and is payable in equal monthly installments of \$12,438 through September 21, 2040.

In December, 2003, the HFC issued Independent Senior Living Center Revenue Bonds for \$13,890,000 to finance the construction and operations of its planned Senior Living Center facility. The bonds bear interest rates from 7.5% to 7.75% depending on longevity. Beginning January 1, 2011, semi-annual retirements of the Bonds began and continues through January 1, 2034. The bonds are non-recourse liabilities collateralized solely by the land and construction in progress, less the accrued interest.

In April 2020, the HFC received a loan from Affiliated Bank in the amount of \$119,096 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the note. The loan may be forgiven to the extent that proceeds are used for eligible expenditures such as payroll and other eligible expenses described in the CARES Act.

A summary of long-term debt activity during the year ended December 31, 2021 was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|-------------------|----------------------|-------------------|---------------------|----------------------|---------------------|
| PPP Note payable | \$ - | \$ 119,096 | \$ - | \$ 119,096 | \$ - |
| Note payable | 2,054,379 | - | (63,148) | 1,991,231 | 65,885 |
| Revenue bonds | 6,905,000 | - | (265,000) | 6,640,000 | 295,000 |
| Subordinate bonds | 4,550,000 | - | - | 4,550,000 | - |
| Developer loan | 1,467,291 | 41,760 | - | 1,509,051 | - |
| Total | \$ 14,976,670 | \$ 160,856 | \$ (328,148) | \$ 14,809,378 | \$ 360,885 |

Effective July 1, 2010 the bonds of the Senior Living Center were reissued in two series: \$8,630,000 in Priority Lien Revenue Bonds and \$4,550,000 in Subordinate Lien Revenue Bonds.

Future maturities of the debt are as follows:

| Year Ending December 31, | Note Payable | | Revenue Bonds | |
|--------------------------|---------------------|-------------------|---------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2021 | \$ 65,885 | \$ 83,372 | \$ 295,000 | \$ 508,981 |
| 2022 | 68,740 | 80,517 | 315,000 | 485,731 |
| 2023 | 71,719 | 77,538 | 340,000 | 460,738 |
| 2024 | 74,824 | 74,429 | 370,000 | 434,000 |
| 2025-2029 | 425,682 | 320,602 | 2,335,000 | 1,681,944 |
| 2030-2034 | 526,271 | 220,013 | 2,985,000 | 604,306 |
| 2035-2039 | 650,629 | 95,655 | - | - |
| 2040 | 107,481 | 1,889 | - | - |
| Total | \$ 1,991,231 | \$ 954,015 | \$ 6,640,000 | \$ 4,175,700 |

The Subordinate Lien Revenue Bonds are not scheduled above as their payments are contingent upon cash flow and payment amounts and periods are uncertain.

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION ⁽¹⁾

| | |
|---|---------------------|
| Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2023 | \$ 42,719,330 |
| Interest and Sinking Fund 9/30/2022 | \$ 1,914,930 |
| Budgeted 2022 Interest and Sinking Fund Tax Levy @ 99% Collection | 43,101,547 |
| Prior year taxes and refunds | 0 |
| TIFF Contribution | 2,757,271 |
| Prior Years Penalties, Interest and Collections | 200,000 |
| Transfer in from TIF #1 | 0 |
| Total Available | 47,973,748 |
| Estimated Balance, Fiscal Year Ending 9/30/2023 | \$ 5,254,418 |

(1) Source: City Staff.

TABLE 9 - COMPUTATION OF RESOURCES FOR PAYMENT OF SELF-SUPPORTING GENERAL OBLIGATION DEBT ⁽¹⁾

| | Community | | | Forum Estates |
|---|---------------------|---------------------|---------------------|-------------------|
| | Police District | Airport Fund | TIF #1 | PID 5 |
| Resources Available for Debt Service Fiscal Year Ended 9/30/2021 | \$ 8,020,743 | \$ 93,630 | \$ 1,782,956 | \$ 602,780 |
| Less: Revenue Bond Requirements, Fiscal Year Ended 9/30/2022 | - | - | - | - |
| Balance Available for payment of Self-Supporting General Obligation Debt | \$ 8,020,743 | \$ 93,630 | \$ 1,782,956 | \$ 602,780 |
| General Obligation Bonds and Certificates of Obligation Debt Service Requirements, Fiscal Year Ended 9/30/2022 | 6,042,677 | 198,375 | 1,758,633 | 85,200 |
| Balance | \$ 1,978,066 | \$ (104,745) | \$ 24,323 | \$ 517,580 |
| Percentage of System General Obligation Bonds and Certificates of Obligation Self-Supporting | 100.00% | 47.20% | 100.00% | 100.00% |

(1) The amount of self-supporting debt for FY 2022 payable from available resources of the City is set forth herein. It is the City's current policy to provide these payments from such resources; provided this policy is subject to change in the future. In the event payment is not made from such resources, the City will be required to assess an ad valorem tax sufficient to make such payments.

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

| Purpose | Date Authorized | Authorized | Amount | Amount | Unissued Balance |
|----------------------|-----------------|-----------------------|-----------------------|---------------------|---------------------|
| | | Amount | Previously Issued | Being Issued | |
| Solid Waste | 12/08/90 | \$ 180,000 | \$ 75,000 | \$ - | \$ 105,000 |
| Streets/Signal | 11/06/01 | 56,000,000 | 55,959,773 | - | 40,227 |
| Storm Drainage | 11/06/01 | 8,200,000 | 6,576,573 | - | 1,623,427 |
| Economic Development | 05/01/21 | 75,000,000 | 67,000,000 | 8,000,000 | - |
| Total | | \$ 139,380,000 | \$ 129,611,346 | \$ 8,000,000 | \$ 1,768,654 |

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The City anticipates issuing approximately \$50,000,000 general obligation debt within the next eighteen months.

OTHER OBLIGATIONS . . . The City has no other property tax supported debt outstanding as of the date of this Official Statement except as described herein.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

RETIREMENT PLAN . . . The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS), (the "Plan"). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. All eligible employees of the City are members of the TMRS. Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. The Plan also provides death and disability benefits. A member is vested after 5 years, but he must leave his accumulated contributions in the Plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The Plan provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS and within the actual constraints also in the statutes.

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method. This 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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 contributes to the TMRS Plan at an actuarially determined rate. 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 the basis for the rate and the calendar year when the rate goes into effect.

| Fiscal Year | Net Assets Available for Benefits | Pension Benefit Obligation | Percentage Funded | Unfunded | Annual | Unfunded Pension |
|-------------|-----------------------------------|----------------------------|-------------------|----------------------------|-----------------|---|
| | | | | Pension Benefit Obligation | Covered Payroll | Benefit Obligation as a Percentage of Covered Payroll |
| 2017 | \$ 444,611,622 | \$ 525,359,395 | 84.63% | \$ 80,747,733 | \$ 87,729,762 | 91.01% |
| 2018 | 504,848,965 | 555,774,884 | 90.84% | 50,925,919 | 92,501,160 | 57.00% |
| 2019 | 486,228,223 | 587,394,540 | 82.78% | 101,166,317 | 93,746,412 | 108.00% |
| 2020 | 556,100,038 | 619,684,063 | 89.74% | 63,584,025 | 98,611,365 | 64.48% |
| 2021 | 592,761,104 | 647,637,265 | 91.53% | 54,876,161 | 100,628,856 | 54.53% |

For further details regarding the most recent City-audited financial information for the City's retirement plan, please refer to Note J of the City's 2021 Annual Comprehensive Financial Report, incorporated by reference herein, which can be found at <https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails?id=P11205312>. See Appendix B – "Excerpts from the City's Annual Comprehensive Financial Statements".

OTHER POST-EMPLOYMENT BENEFITS. . In addition to providing pension benefits through the Texas Municipal Retirement System, the City has opted to provide eligible retired employees with the following post-employment benefits:

Eligible retirees may purchase health insurance from the City's healthcare provider at the City's cost to cover current employees and their dependents if such dependents were covered consecutively during the past two years prior to the retirement date. The cost of insurance varies based on date retired, plan selected, and years of Grand Prairie service. The cost of coverage is shared between the City and the retiree in varying increments based on the above factors.

The City recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The appropriation for the fiscal year ending September 30, 2020 was \$2,152,381.32. The budgeted amount for such benefits in the fiscal year ending September 30, 2021 was \$2,241,666.

In fiscal 2017/2018, the City implemented GASB Statement No. 75 "Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions." The City has performed an actuarial valuation of its post-retirement benefit liability. It has engaged an independent actuarial firm to prepare a valuation. The City reviewed the study and plans to comply with legal requirements to perform additional studies in the future at the required intervals. The actuarial liability is estimated at \$65,656,336 at September 30, 2021.

For further details regarding the City's OPEB benefits, please refer to Note K of the City's 2021 Annual Comprehensive Financial Report, incorporated by reference herein, which can be found at <https://emma.msrb.org/MarketActivity/ContinuingDisclosureDetails?id=P11205312>. See Appendix B – "Excerpts from the City's Annual Comprehensive Financial Statements".

Water and Wastewater System Debt Service Coverage

The following covenants are included in various water and wastewater system revenue bond indenture ordinances:

- Net revenues (defined as gross revenues less expenses of operation and maintenance) are pledged for the payment of bond principal and interest.
- Additional water and wastewater system revenue bonds cannot be issued unless the "net earnings" (defined as gross revenues after deducting the expenses of operation and maintenance, excluding depreciation and certain other items specified in the ordinances) of the system for twelve consecutive months out of the fifteen months prior to the date of such bonds is equal to at least 1.25 times the average annual requirements for the payment of principal and interest on the then-outstanding bonds and any additional bonds then proposed to be issued.
- All revenues derived from the operations must be kept separate from other funds of the City.
- The amount required to meet interest and principal payments falling due on or before the next maturity dates of the bonds is to be paid into the water and wastewater system interest and redemption account during each year.

At September 30, 2021, compliance with these covenants can be demonstrated as follows:

| | |
|--|----------------------|
| System revenue ⁽¹⁾ | \$ 87,351,497 |
| Operating expenses: | |
| Water purchased | 16,749,528 |
| Sewage disposal contract | 20,841,214 |
| Other operating expenses | 28,891,390 |
| | <hr/> |
| Total expenses ⁽²⁾ | 66,482,132 |
| | <hr/> |
| Net revenue (available for debt service) | \$ 20,869,365 |
| | <hr/> |
| Average annual principal and interest requirements, all water and wastewater revenue bonds at September 30, 2021 | \$ 2,667,283 |
| Coverage of average annual requirements based on September 30, 2021 revenue available for debt service | 7.82 |

(1) Includes operating revenues, plus investment income and impact fees

(2) Excludes depreciation expense.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

At September 30, 2021, the aggregate debt service payments for long-term debt through the final year of maturity for the City's water and wastewater system were as follows:

| Fiscal Year | Water and Wastewater System Revenue Bonds | | |
|--------------|---|---------------------|----------------------|
| | Principal | Interest | Total |
| 2022 | \$ 5,295,000 | \$ 1,214,044 | \$ 6,509,044 |
| 2023 | 5,445,000 | 1,061,202 | 6,506,202 |
| 2024 | 5,620,000 | 882,439 | 6,502,439 |
| 2025 | 5,140,000 | 703,150 | 5,843,150 |
| 2026 | 4,145,000 | 545,598 | 4,690,598 |
| 2027 | 3,900,000 | 409,031 | 4,309,031 |
| 2028 | 2,315,000 | 313,748 | 2,628,748 |
| 2029 | 2,380,000 | 247,088 | 2,627,088 |
| 2030 | 2,055,000 | 185,141 | 2,240,141 |
| 2031 | 1,090,000 | 137,278 | 1,227,278 |
| 2032 | 850,000 | 103,280 | 953,280 |
| 2033 | 880,000 | 74,736 | 954,736 |
| 2034 | 610,000 | 50,912 | 660,912 |
| 2035 | 630,000 | 32,016 | 662,016 |
| 2036 | 650,000 | 12,256 | 662,256 |
| 2037 | 160,000 | 1,832 | 161,832 |
| 2038 | 160,000 | 1,144 | 161,144 |
| 2039 | 710,800 | 392 | 711,192 |
| Total | \$ 42,035,800 | \$ 5,975,287 | \$ 48,011,087 |

At September 30, 2021, long-term debt is being repaid solely from airport revenues. Aggregate debt service payments for long-term debt through the final year of maturity for the City's municipal airport were as follows:

| Fiscal Year | Certificates of Obligation | | |
|--------------|----------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2022 | \$ 175,000 | \$ 23,375 | \$ 198,375 |
| 2023 | 185,000 | 14,375 | 199,375 |
| 2024 | 195,000 | 4,875 | 199,875 |
| Total | \$ 555,000 | \$ 42,625 | \$ 597,625 |

TABLE II - CHANGE IN NET ASSETS

| | Fiscal Year Ending, September 30, | | | | |
|--|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Revenues | | | | | |
| Fees, Fines and Charges for Services | \$ 50,828,628 | \$ 43,289,739 | \$ 51,189,057 | \$ 47,831,146 | \$ 50,349,054 |
| Operating Grants and Contributions | 45,398,240 | 63,784,399 | 39,865,579 | 36,511,876 | 35,572,942 |
| Capital Grants and Contributions | 6,974,967 | 417,050 | 8,575,572 | 3,971,782 | 8,305,146 |
| General Revenues: | | | | | |
| Property Taxes | \$ 113,824,809 | \$ 116,020,990 | \$ 106,378,593 | \$ 94,648,690 | \$ 84,925,774 |
| Sales Taxes | 80,187,852 | 70,808,392 | 69,672,182 | 64,250,717 | 60,585,824 |
| Other Taxes and Assessments | 2,366,924 | 1,794,491 | 2,231,019 | 2,208,298 | 2,015,917 |
| Franchise Fees | 14,022,362 | 13,903,806 | 14,796,138 | 14,485,521 | 9,996,934 |
| Investment Income | 333,285 | 7,952,664 | 9,776,886 | 3,506,788 | 2,425,419 |
| Other | - | - | - | - | - |
| Total Revenues | \$ 313,937,067 | \$ 317,971,531 | \$ 302,485,026 | \$ 267,414,818 | \$ 254,177,010 |
| Expenses | | | | | |
| Support Services | \$ 31,880,593 | \$ 31,310,741 | \$ 30,669,782 | \$ 27,614,430 | \$ 26,731,588 |
| Public Safety | 105,285,879 | 113,728,877 | 109,767,831 | 101,033,502 | 100,253,923 |
| Recreation and Leisure | 35,162,022 | 32,949,455 | 35,232,643 | 33,942,742 | 32,962,890 |
| Development and Other Services | 109,073,042 | 110,126,929 | 102,740,890 | 97,241,362 | 90,888,069 |
| Interest on Long-Term Debt | 14,004,156 | 12,689,169 | 14,987,576 | 12,481,762 | 12,108,299 |
| | \$ 295,405,692 | \$ 300,805,171 | \$ 293,398,722 | \$ 272,313,798 | \$ 262,144,769 |
| Increase in net position before transfers | \$ 18,531,375 | \$ 17,166,360 | \$ 9,086,304 | \$ (4,898,980) | \$ (7,967,759) |
| Transfers, net | 1,889,338 | 4,830,999 | 7,253,810 | 6,272,419 | 5,271,645 |
| Increase (decrease) in Net Position | \$ 20,420,713 | \$ 21,997,359 | \$ 16,340,114 | \$ 1,373,439 | \$ (2,696,114) |
| Prior period adjustments ⁽¹⁾ | - | - | - | (49,038,142) | - |
| Net position - beginning | 396,080,205 | 374,082,846 | 357,742,732 | 405,407,435 | 408,103,549 |
| Net position - ending | \$ 416,500,918 | \$ 396,080,205 | \$ 374,082,846 | \$ 357,742,732 | \$ 405,407,435 |

(1) Transfers.

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TABLE 12 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

| | Fiscal Year Ended September 30, | | | | |
|--|---------------------------------|---------------------------|-----------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Revenues: | | | | | |
| Property Taxes | \$ 74,535,565 | \$ 69,856,384 | \$ 66,107,431 | \$ 61,122,847 | \$ 56,275,511 |
| Sales Taxes | 39,760,993 | 34,938,179 | 34,381,013 | 31,532,937 | 29,804,519 |
| Franchise Fees | 14,022,362 | 13,903,806 | 14,796,138 | 14,485,521 | 13,805,938 |
| Charges for Services | 6,069,457 | 4,978,448 | 5,964,359 | 5,847,113 | 5,676,907 |
| Fines and Forfeitures | 5,735,005 | 5,758,341 | 7,380,465 | 7,337,547 | 7,633,756 |
| Licenses and Permits | 4,022,506 | 2,981,599 | 3,242,194 | 3,000,527 | 3,080,890 |
| Interest | 324,216 | 7,833,606 | 9,490,011 | 3,213,375 | 2,065,665 |
| Other | 9,464,797 | 19,293,703 ⁽¹⁾ | 9,345,745 | 8,372,846 | 8,377,136 |
| Total Revenues | \$ 153,934,901 | \$ 159,544,066 | \$ 150,707,356 | \$ 134,912,713 | \$ 126,720,322 |
| Expenditures: | | | | | |
| Administrative Services | \$ 25,447,161 | \$ 22,783,021 | \$ 22,976,923 | \$ 22,333,632 | \$ 20,899,884 |
| Public Safety Services | 91,727,323 | 88,318,340 | 87,527,565 | 84,283,161 | 78,678,246 |
| Development Service and Other | 12,595,116 | 13,263,283 | 13,461,438 | 12,947,245 | 12,686,050 |
| Recreation and Leisure Services | 2,860,342 | 2,802,857 | 2,844,027 | 2,760,622 | 2,591,734 |
| Capital Outlays | 622,879 | 1,261,630 | 819,915 | 1,086,949 | 1,305,324 |
| Total Expenditures | \$ 133,252,821 | \$ 128,429,131 | \$ 127,629,868 | \$ 123,411,609 | \$ 116,161,238 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 20,682,080 | \$ 31,114,935 | \$ 23,077,488 | \$ 11,501,104 | \$ 10,559,084 |
| Transfer in (Out) Net | (33,150,756) | (16,762,667) | (12,704,188) | (10,106,151) | (11,110,985) |
| Proceeds for sale of capital assets | 1,826,620 | 1,115,891 | 1,067,920 | 1,003,393 | 886,711 |
| Beginning Fund Balance | 60,648,430 | 45,186,271 | 33,745,051 | 31,346,705 | 31,011,895 |
| Prior period adjustments | - | (6,000.00) | - | - | - |
| Ending Fund Balance | \$ 50,006,374 | \$ 60,648,430 | \$ 45,186,271 | \$ 33,745,051 | \$ 31,346,705 |

(1) Increase due to funding received from The American Rescue Plan Act of 2021 ("ARPA").

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City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

At September 30, 2021, changes in long-term debt for the City's business-type activities were as follows:

| | Balance October 1, 2020 | Borrowings or Increase | Payments or Decrease | Balance September 30, 2021 | Due Within One Year |
|--|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| Water and wastewater: | | | | | |
| Revenue bonds | | | | | |
| Series 2010 | \$ 2,870,000 | \$ - | \$ (250,000) | \$ 2,620,000 | \$ 255,000 |
| Series 2011 | 1,380,000 | - | (610,000) | 770,000 | 640,000 |
| Series 2013 | 7,570,000 | - | (1,360,000) | 6,210,000 | 1,400,000 |
| Series 2014 | 2,560,000 | - | (240,000) | 2,320,000 | 245,000 |
| Series 2015 | 3,090,000 | - | (390,000) | 2,700,000 | 405,000 |
| Series 2016 | 15,180,000 | - | (1,110,000) | 14,070,000 | 1,140,000 |
| Series 2017 | 3,940,000 | - | (390,000) | 3,550,000 | 390,000 |
| Series 2017A | 2,705,000 | - | (55,000) | 2,650,000 | 50,000 |
| Series 2019 | 3,570,800 | - | (160,000) | 3,410,800 | 160,000 |
| Series 2020 | 4,290,000 | - | (555,000) | 3,735,000 | 610,000 |
| Total revenue bonds | 47,155,800 | - | (5,120,000) | 42,035,800 | 5,295,000 |
| Bond premiums/discounts | 3,367,678 | - | (271,733) | 3,095,945 | - |
| Total water and wastewater | 50,523,478 | - | (5,391,733) | 45,131,745 | 5,295,000 |
| Municipal airport: | | | | | |
| Certificate of obligation | | | | | |
| Series 2004A | 725,000 | - | (170,000) | 555,000 | 175,000 |
| Total municipal airport | 725,000 | - | (170,000) | 555,000 | 175,000 |
| Total change in long-term debt - business-type activities | \$ 51,248,478 | \$ - | \$ (5,561,733) | \$ 45,686,745 | \$ 5,470,000 |

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

Business-Type Activities

Long-term debt in the business-type activities column of the government-wide Statement of Net Position consists of general obligation refunding bonds, water and wastewater system revenue bonds, certificates of obligation bonds, and unamortized bond premiums/discounts. Bonds issued for business-type activities are secured by a pledge of the property tax levy of the City, but are self-supporting obligations which are paid from the respective net revenues of each activity. Bond proceeds are used to fund additions and improvements to the City's water and wastewater system, solid waste system, municipal golf courses, and municipal airport.

At September 30, 2021, long-term debt for the City's business-type activities consisted of the following:

| | Interest Rate % | Year of Issue | Year of Maturity | Original Amount | Amount Outstanding |
|--|-----------------|---------------|------------------|-----------------|----------------------|
| Water and wastewater: | | | | | |
| Revenue bonds | | | | | |
| Series 2010 | 0.0-2.587 | 2010 | 2030 | \$ 4,995,000 | \$ 2,620,000 |
| Series 2011 | 2.0-4.25 | 2011 | 2031 | 8,940,000 | 770,000 |
| Series 2013 | 2.0-4.0 | 2013 | 2026 | 14,045,000 | 6,210,000 |
| Series 2014 | 0.0-1.990 | 2014 | 2030 | 4,000,000 | 2,320,000 |
| Series 2015 | 2.25-4.0 | 2015 | 2027 | 4,155,000 | 2,700,000 |
| Series 2016 | 2.0-5.0 | 2016 | 2036 | 17,625,000 | 14,070,000 |
| Series 2017 | 0.0-0.8 | 2017 | 2030 | 5,110,000 | 3,550,000 |
| Series 2017A | 2.0-4.0 | 2017 | 2036 | 2,755,000 | 2,650,000 |
| Series 2019 | 0.0-0.49 | 2019 | 2039 | 3,730,800 | 3,410,800 |
| Series 2020 | 5 | 2020 | 2031 | 4,290,000 | 3,735,000 |
| Total bonds payable - water wastewater | | | | | 42,035,800 |
| Unamortized bond premiums/discounts | | | | | 3,095,945 |
| Total long-term debt - water wastewater | | | | | 45,131,745 |
| Municipal airport: | | | | | |
| Certificates of obligation bonds | | | | | |
| Series 2004A | 2.25-5.0 | 2004 | 2024 | 2,120,000 | 555,000 |
| Total long-term debt - business-type activities | | | | | \$ 45,686,745 |

TABLE 13 - MUNICIPAL SALES TAX HISTORY

The City imposes and levies a one percent (1%) local sales and use tax within the City pursuant to the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Additionally, the City imposes and levies various local sales and use taxes for specific purposes, in the aggregate amount of one percent (1%), as described below in "DEBT INFORMATION—Sales Tax Elections." Collections and enforcements are administered through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax to the City monthly, after deduction of a 2% service fee.

| Fiscal Year Ended 9/30 | City | Parks & Rec. | Streets | Community Policing | EPIC | Total | Equivalent of Total Ad Valorem Tax Rate ⁽¹⁾ |
|------------------------|---------------|--------------|--------------|--------------------|--------------|---------------------------|--|
| 2018 | \$ 31,532,937 | \$ 8,207,902 | \$ 8,207,902 | \$ 8,094,074 | \$ 8,207,902 | \$ 64,250,717 | \$0.2332 |
| 2019 | 29,206,350 | 7,301,588 | 7,301,858 | 7,264,961 | 7,301,588 | 58,376,344 | 0.1979 |
| 2020 | 35,400,956 | 8,850,239 | 8,850,239 | 8,824,550 | 8,850,239 | 70,776,223 | 0.2168 |
| 2021 | 38,857,085 | 9,714,271 | 9,714,271 | 9,648,997 | 9,714,271 | 77,648,895 | 0.2288 |
| 2022 | 46,545,263 | 11,656,316 | 11,656,316 | 11,568,075 | 11,656,316 | 93,082,286 ⁽²⁾ | 0.2568 |

(1) Collections through September 2022 on a cash basis.

(2) General Fund only.

SALES TAX ELECTIONS

The voters approved a one-fourth cent (1/4 cent) local sales and use tax rate ("Parks & Rec Sales Tax") at an election held on November 2, 1999 under Section 334.021 of Chapter 334, Local Government Code as amended ("Chapter 334"). The additional sales tax receipts are used exclusively for costs associated with the municipal parks and recreation system as defined in Section 334.001(4)(D) of Chapter 334. The City began collecting the tax in April 2000. The Parks & Rec Sales Tax is not pledged to nor available for payment on the Bonds.

The voters approved a one-fourth cent (1/4 cent) local sales and use tax rate (the "Street Repair Sales Tax") at an election held on November 6, 2001 under Chapter 327 Subtitle C, Title 3, Tax Code. These sales tax receipts are used exclusively for street repair and maintenance. The Street Repair Sales Tax was reauthorized in May 2009 and again in May 2017 for 8 years. The Street Repair Sales Tax is not pledged to or available for payment of the Bonds.

On May 12, 2007 voters approved a combined half cent sales tax to be utilized in a 1/4 cent and two 1/8 cent increments for the following projects:

- A one-fourth cent (1/4 cent) local sales and use tax under Section 363.054, Local Government Code for the Crime Control and Prevention District (the "Community Policing District") to fund a new police center. ("Crime Control Sales Tax")
- A one-eighth cent (1/8 cent) local sales and use tax for a new senior center. ("Senior Center Tax")
- A one-eighth cent (1/8 cent) local sales and use tax for a minor league baseball stadium. ("Baseball Stadium Tax")

The additional sales tax receipts were to be exclusively for costs associated with each of the projects. The City began collecting the taxes on October 1, 2007.

At an election held on May 10, 2014, voters abolished the Senior Center Tax and the Baseball Stadium Tax, effective September 30, 2015, and adopted a new additional 1/4% city sales and use tax for the City's EPIC project (the "Central Park Sales Tax") as permitted under the provisions of Chapter 334, Local Government Code, effective October 1, 2015. The Central Park Sales Tax receipts are used to pay the costs associated with the City's EPIC project. The City began collecting the tax on October 1, 2015. The Crime Control Sales Tax and the Central Park Sales Tax are not pledged to or available for payment of the Bonds.

At an election on November 3, 2020, the 1/4% sales tax for the Community Policing District was reauthorized for a period of ten years. Such sales tax is not pledged to or available for payment of the Bonds.

DEVELOPMENT FEES

The City's impact fees are used for water improvements and wastewater improvements and are not pledged to the payment of the debt service requirements of the Bonds. Impact fees for roadway improvements were eliminated in 2001. Each of the two types of fees are developed separately based upon excess capacity of existing infrastructure and projected construction of capital improvements over the next 10 years. Revenues generated by impact fees can only be used to finance the improvements identified in an adopted capital improvements plan. The City must update land use assumptions and capital improvements plans every five years.

| FYE | Impact Fee Revenues | |
|------|---------------------|------------|
| | Water | Wastewater |
| 2017 | \$ 1,403,218 | \$ 404,663 |
| 2018 | 1,916,802 | 827,434 |
| 2019 | 1,075,784 | 427,744 |
| 2020 | 1,303,498 | 534,079 |
| 2021 | 3,126,913 | 1,774,290 |

The City created a storm water utility under the Texas Municipal Drainage Utility Systems Act. Such act provides for the creation of a storm water utility to provide storm water services including planning, operations, maintenance, and capital improvements for storm water runoff. Such act also provides for collection of user fees based on storm water runoff volumes.

COMPENSATED ABSENCES. . . The City's accrued unfunded compensated absences liability is approximately \$21,710,781 as of September 30, 2021.

RISK MANAGEMENT. . . Property, liability, safety, workers' compensation and health and wellness insurance are accounted for in the Risk Management Fund, an internal service fund. Net expenses of these programs in property was \$4,883,052 and \$1,929,066 for employee health and wellness insurance.

Beginning October 1, 1991, the City placed all of its property, liability and workers' compensation coverage with Texas Municipal League Intergovernmental Risk Pool. The limits of liability and retention vary according to type of coverage provided.

The operating funds are charged premiums for property, liability, workers' compensation and employee health coverage by the Risk Management Fund. Employees pay for dependent health coverage independently. The incurred but unreported claims for these programs as of September 30, 2021 were \$6,812,118.

The City allows retired employees to continue participating in its group health insurance program after retirement with all premiums paid by the retirees.

FINANCIAL MANAGEMENT POLICIES

The City Council and staff make financial decisions throughout the year based upon financial guidelines. The Financial Management Policies ("FMP") provides a framework, or master plan, within which to make operating and capital budget decisions, as well as other financial decisions. The primary objective of the FMP is to enable the City to achieve a long-term stable and positive financial condition.

The policies which are updated annually to address the following subjects: accounting, auditing and financial reporting, internal controls, operating budget, capital budget and program, revenue management, expenditure control, asset management, financial condition and reserves, debt management, and staffing and training. Significant issues addressed by the policies include the following:

BASIS OF ACCOUNTING. . . . The City policy is to adhere to the accounting principles established by the Governmental Accounting Standards Board, as amended.

GENERAL FUND BALANCE. . . . The City's goal is to maintain at least 50 days of expenditures of the General Fund expenditures budget in the General Fund resources balance.

DEBT SERVICE FUND BALANCE. . . . The City policy is to maintain balances of no greater than one month of principal and interest requirements except that the City's revenue bond policy and bond ordinance requirement are to maintain revenue supported debt service reserves at the level of the average annual debt service plus an amount accrued for the debt service payment.

USE OF BOND PROCEEDS, GRANTS, ETC. . . . The City policy is to use bond proceeds only for major assets with expected lives which equal or exceed the average life of the debt issue.

BUDGETARY PROCEDURES. . . . The City policy is to pay for current expenditures with certain revenues and to utilize reserves only for emergencies. The annual operating budget shall provide for operation and maintenance of capital plant.

FUND INVESTMENTS. . . . The City policy is to invest its cash with three objectives in mind listed in order of priority: safety, liquidity and yield. Unrestricted idle cash is pooled for short-term investment in government securities, money market mutual funds and local government investment pools. The mix and term of investments is determined based on the City's liquidity needs and the yield curve.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

| Fiscal Year | Sales Tax Revenue Bonds-Park Venue | | | Sales Tax Revenue Bonds-EPIC | | |
|-------------|------------------------------------|---------------------|----------------------|------------------------------|----------------------|-----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 2,120,000 | \$ 448,418 | \$ 2,568,418 | \$ 2,375,000 | \$ 3,084,162 | \$ 5,459,162 |
| 2023 | 2,190,000 | 401,203 | 2,591,203 | 2,475,000 | 2,987,162 | 5,462,162 |
| 2024 | 2,270,000 | 341,118 | 2,611,118 | 2,575,000 | 2,886,162 | 5,461,162 |
| 2025 | 2,360,000 | 275,203 | 2,635,203 | 2,680,000 | 2,781,062 | 5,461,062 |
| 2026 | 2,450,000 | 213,493 | 2,663,493 | 2,785,000 | 2,675,647 | 5,460,647 |
| 2027 | 1,170,000 | 166,038 | 1,336,038 | 2,895,000 | 2,567,509 | 5,462,509 |
| 2028 | 370,000 | 142,438 | 512,438 | 3,010,000 | 2,449,919 | 5,459,919 |
| 2029 | 385,000 | 127,338 | 512,338 | 3,140,000 | 2,323,165 | 5,463,165 |
| 2030 | 400,000 | 111,638 | 511,638 | 3,275,000 | 2,187,743 | 5,462,743 |
| 2031 | 420,000 | 95,238 | 515,238 | 3,425,000 | 2,035,914 | 5,460,914 |
| 2032 | 435,000 | 78,138 | 513,138 | 3,590,000 | 1,868,185 | 5,458,185 |
| 2033 | 455,000 | 60,338 | 515,338 | 3,770,000 | 1,692,208 | 5,462,208 |
| 2034 | 470,000 | 43,600 | 513,600 | 3,955,000 | 1,507,503 | 5,462,503 |
| 2035 | 485,000 | 28,081 | 513,081 | 4,145,000 | 1,313,832 | 5,458,832 |
| 2036 | 505,000 | 10,100 | 515,100 | 4,355,000 | 1,105,153 | 5,460,153 |
| 2037 | - | - | - | 4,580,000 | 880,348 | 5,460,348 |
| 2038 | - | - | - | 4,815,000 | 643,970 | 5,458,970 |
| 2039 | - | - | - | 5,065,000 | 395,389 | 5,460,389 |
| 2040 | - | - | - | 5,325,000 | 133,977 | 5,458,977 |
| | <u>\$ 16,485,000</u> | <u>\$ 2,542,382</u> | <u>\$ 19,027,382</u> | <u>\$ 68,235,000</u> | <u>\$ 35,519,010</u> | <u>\$ 103,754,010</u> |

| Fiscal Year | Total | | |
|-------------|-----------------------|-----------------------|-----------------------|
| | Principal | Interest | Total |
| 2022 | \$ 36,685,000 | \$ 16,794,519 | \$ 53,479,519 |
| 2023 | 29,025,000 | 14,560,520 | 43,585,520 |
| 2024 | 33,805,000 | 13,406,819 | 47,211,819 |
| 2025 | 28,095,000 | 12,242,299 | 40,337,299 |
| 2026 | 32,820,000 | 11,175,464 | 43,995,464 |
| 2027 | 26,345,000 | 10,183,461 | 36,528,461 |
| 2028 | 23,820,000 | 9,291,884 | 33,111,884 |
| 2029 | 24,490,000 | 8,434,317 | 32,924,317 |
| 2030 | 23,835,000 | 7,581,430 | 31,416,430 |
| 2031 | 24,285,000 | 6,756,151 | 31,041,151 |
| 2032 | 24,185,000 | 5,947,566 | 30,132,566 |
| 2033 | 25,020,000 | 5,115,997 | 30,135,997 |
| 2034 | 25,075,000 | 4,238,869 | 29,313,869 |
| 2035 | 20,870,000 | 3,419,067 | 24,289,067 |
| 2036 | 19,720,000 | 2,683,574 | 22,403,574 |
| 2037 | 16,080,000 | 2,023,189 | 18,103,189 |
| 2038 | 15,100,000 | 1,436,105 | 16,536,105 |
| 2039 | 15,680,000 | 856,600 | 16,536,600 |
| 2040 | 11,200,000 | 354,614 | 11,554,614 |
| 2041 | 6,020,000 | 74,148 | 6,094,148 |
| | <u>\$ 462,155,000</u> | <u>\$ 136,576,593</u> | <u>\$ 598,731,593</u> |

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

At September 30, 2021, the aggregate debt service payments for long-term debt through the final year of maturity for the City's governmental activities were as follows:

| Fiscal Year | General Obligation Bonds | | | Certificates of Obligation Bonds | | |
|-------------|--------------------------|----------------------|-----------------------|----------------------------------|----------------------|-----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 8,590,000 | \$ 3,693,658 | \$ 12,283,658 | \$ 16,195,000 | \$ 8,487,692 | \$ 24,682,692 |
| 2023 | 7,410,000 | 3,195,163 | 10,605,163 | 16,410,000 | 7,828,659 | 24,238,659 |
| 2024 | 10,200,000 | 2,842,488 | 13,042,488 | 18,205,000 | 7,200,217 | 25,405,217 |
| 2025 | 9,400,000 | 2,443,182 | 11,843,182 | 13,090,000 | 6,619,402 | 19,709,402 |
| 2026 | 9,175,000 | 2,091,392 | 11,266,392 | 13,180,000 | 6,136,729 | 19,316,729 |
| 2027 | 8,720,000 | 1,789,618 | 10,509,618 | 13,560,000 | 5,660,296 | 19,220,296 |
| 2028 | 6,380,000 | 1,540,522 | 7,920,522 | 14,060,000 | 5,159,005 | 19,219,005 |
| 2029 | 6,385,000 | 1,345,099 | 7,730,099 | 14,580,000 | 4,638,715 | 19,218,715 |
| 2030 | 5,045,000 | 1,182,643 | 6,227,643 | 15,115,000 | 4,099,406 | 19,214,406 |
| 2031 | 4,790,000 | 1,058,325 | 5,848,325 | 15,650,000 | 3,566,674 | 19,216,674 |
| 2032 | 3,990,000 | 955,197 | 4,945,197 | 16,170,000 | 3,046,046 | 19,216,046 |
| 2033 | 4,075,000 | 868,432 | 4,943,432 | 16,720,000 | 2,495,019 | 19,215,019 |
| 2034 | 3,925,000 | 779,824 | 4,704,824 | 16,725,000 | 1,907,942 | 18,632,942 |
| 2035 | 3,855,000 | 692,578 | 4,547,578 | 12,385,000 | 1,384,576 | 13,769,576 |
| 2036 | 3,940,000 | 603,744 | 4,543,744 | 10,920,000 | 964,577 | 11,884,577 |
| 2037 | 4,040,000 | 505,391 | 4,545,391 | 7,460,000 | 637,450 | 8,097,450 |
| 2038 | 4,145,000 | 398,085 | 4,543,085 | 6,140,000 | 394,050 | 6,534,050 |
| 2039 | 4,255,000 | 287,961 | 4,542,961 | 6,360,000 | 173,250 | 6,533,250 |
| 2040 | 4,370,000 | 174,887 | 4,544,887 | 1,505,000 | 45,750 | 1,550,750 |
| 2041 | 4,485,000 | 58,798 | 4,543,798 | 1,535,000 | 15,350 | 1,550,350 |
| | <u>\$ 117,175,000</u> | <u>\$ 26,506,987</u> | <u>\$ 143,681,987</u> | <u>\$ 245,965,000</u> | <u>\$ 70,460,805</u> | <u>\$ 316,425,805</u> |

| Fiscal Year | Tax and Tax Increment Bonds (TIFs) | | | Sales Tax Revenue Bonds-Crime Control | | |
|-------------|------------------------------------|-------------------|---------------------|---------------------------------------|-------------------|---------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2022 | \$ 2,160,000 | \$ 282,912 | \$ 2,442,912 | \$ 5,245,000 | \$ 797,677 | \$ 6,042,677 |
| 2023 | 540,000 | 148,333 | 688,333 | - | - | - |
| 2024 | 555,000 | 136,834 | 691,834 | - | - | - |
| 2025 | 565,000 | 123,450 | 688,450 | - | - | - |
| 2026 | 5,230,000 | 58,203 | 5,288,203 | - | - | - |
| | <u>\$ 9,050,000</u> | <u>\$ 749,732</u> | <u>\$ 9,799,732</u> | <u>\$ 5,245,000</u> | <u>\$ 797,677</u> | <u>\$ 6,042,677</u> |

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council ("Investment Policies"). Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized U.S. government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15 percent of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

INVESTMENT POLICIES . . . Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

THE CITY'S INVESTMENT POLICIES . . . The City Manager designates the Chief Financial Officer as the City's chief investment officer. The Assistant Finance Director, Second Assistant Finance Director, and Treasury Analyst are designated as additional investment officers. The Chief Financial Officer is responsible for the City's comprehensive cash management program, including the administration of the Investment Policies. The Chief Financial Officer is responsible for considering the quality and capability of staff involved in investment management and procedures. The Chief Financial Officer shall be responsible for authorizing investments and the Treasury and Debt Manager shall account for investments and pledged collateral in order to maintain appropriate internal controls. The Controller shall be responsible for recording investments in the City's books of accounts. The Internal Audit staff shall audit records monthly and the external auditors will review for management controls on investments and adherence to policy as required by law. On November 16, 2021, the City Council approved and readopted the Investment Policies.

City policy requires investments in accordance with applicable State law, specifically the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, (the "PFIA"). The City's Investment Policy does not permit the investment of City funds in all eligible investments permitted by State law. Furthermore, this policy specifically prohibits investment in the following investment securities.

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT COMMITTEE . . . An Investment Committee consisting of the Treasury Analyst, Treasury and Debt Manager, Controller, Chief Financial Officer, and Deputy City Manager shall meet as frequently as necessary to review the City's investment portfolio. The committee shall also meet as necessary to add or delete a financial institution or broker/dealer from the list of institutions with which the City may do business or to conduct other business. The committee shall also meet to review prospectuses, financial statements and other performance data on money market mutual funds and shall formulate recommendations on the advisability of investing in specific funds for the consideration of the City Council.

Any three of the five Investment Committee members constitute a quorum. The Treasury and Debt Manager shall serve as chairman of the committee, and maintain written record of investment committee meetings.

TABLE 14 - CURRENT INVESTMENTS

As of September 30, 2022, the City's investable funds were invested in the following categories:

| Type of Investment | Percentage | Book Value |
|---|------------|-----------------------|
| Local Government Pools and Money Market Funds | 12.16% | \$ 54,823,245 |
| Federal Agency and Instrumentality Notes | 87.84% | 395,950,623 |
| | | <u>\$ 450,773,868</u> |

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City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

In February 2021, the City issued \$23,215,000 in Combination Tax and Revenue Certificates of Obligation, Series 2021. The Certificates were issued for the purpose of paying contractual obligations to be (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor and (iv) professional services rendered in connection therewith.

In June 2021, the City issued \$66,945,000 in General Obligation Bonds, Series 2021. The bonds were issued for the purpose of paying contractual obligations to be incurred for constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto, and for the acquisition of land and rights-of-way therefor within the reinvestment zone of the City known as the Tax Increment Financing Reinvestment Zone Number One (TIF #1).

Also in June 2021, the City issued \$16,935,000 in Combination Tax and Revenue Certificates of Obligation, Series 2021A. The Certificates were issued for the same purpose as the Series 2021 General Obligation Bonds, described above.

Outstanding Bond Debt Defeasement

At September 30, 2021, certain outstanding debt of the city was considered to be defeased. The following table details such outstanding defeased debt:

| Type of Obligation | Defeased Debt Outstanding |
|------------------------------------|---------------------------|
| General obligation refunding bonds | \$ 55,000 |
| Total debt defeasement | <u>\$ 55,000</u> |

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

At September 30, 2021, changes in long-term debt for the City's governmental activities were as follows:

| | Balance October 1, 2020 | Borrowings or Increase | Payments or Decrease | Balance September 30, 2021 | Due Within One Year |
|---|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| General obligation bonds: | | | | | |
| Series 2012 | \$ 4,120,000 | \$ - | \$ (645,000) | \$ 3,475,000 | \$ 660,000 |
| Series 2013 | 3,310,000 | - | (310,000) | 3,000,000 | 315,000 |
| Series 2013A | 1,710,000 | - | (95,000) | 1,615,000 | 100,000 |
| Series 2015 | 7,045,000 | - | (1,050,000) | 6,015,000 | 1,095,000 |
| Series 2016 | 23,375,000 | - | (2,935,000) | 20,440,000 | 2,415,000 |
| Series 2019 | 19,475,000 | - | (3,790,000) | 15,685,000 | 4,005,000 |
| Series 2021 | - | 66,945,000 | - | 66,945,000 | - |
| Total general obligation bonds | 59,055,000 | 66,945,000 | (8,825,000) | 117,175,000 | 8,590,000 |
| Combination tax and revenue certificates of obligation | | | | | |
| Series 2013 | 6,320,000 | - | (405,000) | 5,915,000 | 420,000 |
| Series 2013A | 9,280,000 | - | (500,000) | 8,780,000 | 525,000 |
| Series 2014 | 16,940,000 | - | (2,125,000) | 14,815,000 | 2,230,000 |
| Series 2015 | 22,445,000 | - | (1,345,000) | 21,100,000 | 1,405,000 |
| Series 2016 | 28,180,000 | - | (1,915,000) | 26,265,000 | 1,325,000 |
| Series 2017 | 29,915,000 | - | (3,500,000) | 26,415,000 | 3,625,000 |
| Series 2018 | 38,810,000 | - | (1,885,000) | 36,925,000 | 2,090,000 |
| Series 2019A | 33,110,000 | - | (1,815,000) | 31,295,000 | 1,905,000 |
| Series 2019B | 34,305,000 | - | - | 34,305,000 | 2,220,000 |
| Series 2021 | - | 23,215,000 | - | 23,215,000 | 450,000 |
| Series 2021A | - | 16,935,000 | - | 16,935,000 | - |
| Total combination tax and revenue certificates of obligation | 219,305,000 | 40,150,000 | (13,490,000) | 245,965,000 | 16,195,000 |
| Tax increment and public improvement district debt | | | | | |
| Series 2001 TRZ 1 | 3,160,000 | - | (1,525,000) | 1,635,000 | 1,635,000 |
| Series 2015 PID 5 | 380,000 | - | (70,000) | 310,000 | 75,000 |
| Series 2016 - TRZ 1 | 1,080,000 | - | (1,080,000) | - | - |
| Series 2019 - TRZ 1 | 7,105,000 | - | - | 7,105,000 | 450,000 |
| Total tax increment and public improvement district debt | 11,725,000 | - | (2,675,000) | 9,050,000 | 2,160,000 |
| Sales tax revenue debt: | | | | | |
| Crime Control | | | | | |
| Series 2008 | 10,795,000 | - | (5,550,000) | 5,245,000 | 5,245,000 |
| Total Crime Control | 10,795,000 | - | (5,550,000) | 5,245,000 | 5,245,000 |
| Park Venue | | | | | |
| Series 2009 subordinate | 6,740,000 | - | (495,000) | 6,245,000 | 1,130,000 |
| Series 2013 | 5,860,000 | - | (1,290,000) | 4,570,000 | 730,000 |
| Series 2016 Park Venue | 5,935,000 | - | (265,000) | 5,670,000 | 260,000 |
| Total Park Venue | 18,535,000 | - | (2,050,000) | 16,485,000 | 2,120,000 |
| EPIC | | | | | |
| Series 2015 EPIC | 70,520,000 | - | (2,285,000) | 68,235,000 | 2,375,000 |
| Total EPIC | 70,520,000 | - | (2,285,000) | 68,235,000 | 2,375,000 |
| Total change in long term debt | 389,935,000 | 107,095,000 | (34,875,000) | 462,155,000 | 36,685,000 |
| Unamortized bond premiums/discounts | 26,089,620 | 3,272,425 | (2,158,415) | 27,203,630 | - |
| Total change in long-term debt - governmental activities | \$ 416,024,620 | \$ 110,367,425 | \$ (37,033,415) | \$ 489,358,630 | \$ 36,685,000 |

TAX MATTERS

The following is a general summary of the United States federal income tax consequences of the purchase and ownership of the Bonds. The discussion is based upon laws, Treasury Regulations, rulings and decisions now in effect, all of which are subject to change or possibly differing interpretations. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with United States federal income tax consequences applicable to all categories of investors. Further, this summary does not discuss all aspects of United States federal income taxation that may be relevant to a particular investor in the Bonds in light of the investor's particular personal investment circumstances or to certain types of investors subject to special treatment under United States federal income tax laws (including insurance companies, tax exempt organizations, financial institutions, brokers-dealers, and persons who have hedged the risk of owning the Bonds). The summary is therefore limited to certain issues relating to initial investors who will hold the Bonds as "capital assets" within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"), and acquire such Bonds for investment and not as a dealer or for resale. Prospective investors should note that no rulings have been or will be sought from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS.

PAYMENTS OF STATED INTEREST ON THE BONDS

The stated interest paid on the Bonds will be included in the gross income, as defined in section 61 of the Code, of the beneficial owners thereof and be subject to U.S. federal income taxation when received or accrued, depending on the tax accounting method applicable to the beneficial owners thereof.

ORIGINAL ISSUE DISCOUNT

If a substantial amount of the Bonds of any stated maturity is purchased at original issuance for a purchase price (the "Issue Price") that is less than their stated redemption price at maturity by more than one quarter of one percent times the number of complete years to maturity, the Bonds of such maturity will be treated as being issued with "original issue discount." The amount of the original issue discount will equal the excess of the stated redemption price at maturity of such Bonds over its Issue Price, and the amount of the original issue discount on the Bonds will be amortized over the life of the Bonds using the "constant yield method" provided in the Treasury Regulations. As the original issue discount accrues under the constant yield method, the beneficial owners of the Bonds, regardless of their regular method of accounting, will be required to include such accrued amount in their gross income as interest. This can result in taxable income to the beneficial owners of the Bonds that exceeds actual cash distributions to the beneficial owners in a taxable year.

The amount of the original issue discount that accrues on the Bonds each taxable year will be reported annually to the IRS and to the beneficial owners. The portion of the original issue discount included in each beneficial owner's gross income while the beneficial owner holds the Bonds will increase the adjusted tax basis of the Bonds in the hands of such beneficial owner.

PREMIUM

If a beneficial owner purchases a Bond for an amount that is greater than its stated redemption price at maturity, such beneficial owner will be considered to have purchased the Bond with "amortizable bond premium" equal in amount to such excess. A beneficial owner may elect to amortize such premium using a constant yield method over the remaining term of the Bond and may offset interest otherwise required to be included in respect of the Bond during any taxable year by the amortized amount of such excess for the taxable year. Bond premium on a Bond held by a beneficial owner that does not make such an election will decrease the amount of gain or increase the amount of loss otherwise recognized on the sale, exchange, redemption or retirement of a Bond. However, if the Bond may be optionally redeemed after the beneficial owner acquires it at a price in excess of its stated redemption price at maturity, special rules would apply under the Treasury Regulations which could result in a deferral of the amortization of some bond premium until later in the term of the Bond. Any election to amortize bond premium applies to all taxable debt instruments held by the beneficial owner on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

MEDICARE CONTRIBUTION TAX

Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of "modified adjusted gross income" of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Holders of the Bonds should consult with their tax advisor concerning this additional tax, as it may apply to interest earned on the Bonds as well as gain on the sale of an Bond.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

DISPOSITION OF BONDS AND MARKET DISCOUNT

A beneficial owner of Bonds will generally recognize gain or loss on the redemption, sale or exchange of an Bond equal to the difference between the redemption or sales price (exclusive of the amount paid for accrued interest) and the beneficial owner's adjusted tax basis in the Bonds. Generally, the beneficial owner's adjusted tax basis in the Bonds will be the beneficial owner's initial cost, increased by the original issue discount previously included in the beneficial owner's income to the date of disposition. Any gain or loss generally will be capital gain or loss and will be long-term or short-term, depending on the beneficial owner's holding period for the Bonds.

Under current law, a purchaser of a Bond who did not purchase the Bonds in the initial public offering (a "subsequent purchaser") generally will be required, on the disposition of the Bonds, to recognize as ordinary income a portion of the gain, if any, to the extent of the accrued "market discount." Market discount is the amount by which the price paid for the Bonds by a subsequent purchaser is less than the sum of Issue Price and the amount of original issue discount previously accrued on the Bonds. The Code also limits the deductibility of interest incurred by a subsequent purchaser on funds borrowed to acquire Bonds with market discount. As an alternative to the inclusion of market discount in income upon disposition, a subsequent purchaser may elect to include market discount in income currently as it accrues on all market discount instruments acquired by the subsequent purchaser in that taxable year or thereafter, in which case the interest deferral rule will not apply. The re-characterization of gain as ordinary income on a subsequent disposition of Bonds could have a material effect on the market value of the Bonds.

LEGAL DEFEASANCE

If the City elects to defease the Bonds by depositing in escrow sufficient cash and/or obligations to pay when due outstanding Bonds (a "legal defeasance"), under current tax law, a beneficial owner of Bonds may be deemed to have sold or exchanged its Bonds. In the event of such a legal defeasance, a beneficial owner of Bonds generally would recognize gain or loss in the manner described above. Ownership of the Bonds after a deemed sale or exchange as a result of a legal defeasance may have tax consequences different from those described above, and each beneficial owner should consult its own tax advisor regarding the consequences to such beneficial owner of a legal defeasance of the Bonds.

BACKUP WITHHOLDING

Under section 3406 of the Code, a beneficial owner of the Bonds who is a United States person, as defined in section 7701(a)(30) of the Code, may, under certain circumstances, be subject to "backup withholding" on payments of current or accrued interest on the Bonds. This withholding applies if such beneficial owner of Bonds: (i) fails to furnish to payor such beneficial owner's social security number or other taxpayer identification number ("TIN"); (ii) furnishes the payor an incorrect TIN; (iii) fails to report properly interest, dividends, or other "reportable payments" as defined in the Code; or (iv) under certain circumstances, fails to provide the payor with a certified statement, signed under penalty of perjury, that the TIN provided to the payor is correct and that such beneficial owner is not subject to backup withholding.

Backup withholding will not apply, however, with respect to payments made to certain beneficial owners of the Bonds. Beneficial owners of the Bonds should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedures for obtaining such exemption.

WITHHOLDING ON PAYMENTS TO NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS

Under sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding at the rate of 30% on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest received by the beneficial owners of the Bonds is not treated as effectively connected income within the meaning of section 864 of the Code, such interest will be subject to 30% withholding, or any lower rate specified in an income tax treaty, unless such income is treated as portfolio interest. Interest will be treated as portfolio interest if: (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner; (ii) such interest is treated as not effectively connected with the beneficial owner's United States trade or business; (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion; (iv) interest payable with respect to the Bonds is not deemed contingent interest within the meaning of the portfolio debt provision; (v) such beneficial owner is not a controlled foreign corporation, within the meaning of section 957 of the Code; and (vi) such beneficial owner is not a bank receiving interest on the Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the Bonds are treated as portfolio interest within the meaning of sections 871 and 881 of the Code, then no backup withholding under section 1441 and 1442 of the Code and no backup withholding under section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished Form W-8 BEN, Form W-8 EXP or Form W-8 IMY, as applicable, provided the payor does not have actual knowledge that such person is a United States person.

At September 30, 2021, long-term debt for the City's governmental activities consisted of the following:

| | Interest Rate % | Year of Issue | Year of Maturity | Original Amount | Amount Outstanding |
|---|----------------------|---------------|------------------|-----------------|-----------------------|
| General obligation bonds: | | | | | |
| Series 2012 | 1.0-2.0 | 2012 | 2026 | 27,400,000 | 3,475,000 |
| Series 2013 | 1.5-3.25 | 2013 | 2033 | 10,975,000 | 3,000,000 |
| Series 2013A | 3.0-4.125 | 2014 | 2034 | 2,220,000 | 1,615,000 |
| Series 2015 | 1.75-5.0 | 2016 | 2027 | 10,270,000 | 6,015,000 |
| Series 2016 | 3.0-5.0 | 2016 | 2030 | 33,810,000 | 20,440,000 |
| Series 2019 | 5.00 | 2020 | 2031 | 19,475,000 | 15,685,000 |
| Series 2021 | 0.969-4.0 | 2021 | 2041 | 66,945,000 | 66,945,000 |
| Total general obligation bonds | | | | | 117,175,000 |
| Combination tax and revenue certificates of obligation | | | | | |
| Series 2013 | 2.0-3.25 | 2013 | 2033 | 8,830,000 | 5,915,000 |
| Series 2013A | 2.0-4.125 | 2014 | 2034 | 11,945,000 | 8,780,000 |
| Series 2014 | 3.0-5.0 | 2015 | 2034 | 26,125,000 | 14,815,000 |
| Series 2015 | 2.0-5.0 | 2016 | 2035 | 27,380,000 | 21,100,000 |
| Series 2016 | 2.0-4.0 | 2016 | 2036 | 33,705,000 | 26,265,000 |
| Series 2017 | 2.25-5.0 | 2017 | 2037 | 36,515,000 | 26,415,000 |
| Series 2018 | 2.0-4.0 | 2018 | 2039 | 40,605,000 | 36,925,000 |
| Series 2019A | 2.0-5.0 | 2019 | 2039 | 34,910,000 | 31,295,000 |
| Series 2019B | 1.5-3.0 | 2019 | 2034 | 34,305,000 | 34,305,000 |
| Series 2021 | 2.0-4.5 | 2021 | 2041 | 23,215,000 | 23,215,000 |
| Series 2021A | 0.969-4.0 | 2021 | 2036 | 16,935,000 | 16,935,000 |
| Total combination tax and revenue certificates of obligation | | | | | 245,965,000 |
| Tax increment and public improvement district debt | | | | | |
| Series 2001 TRZ 1 | 3-month SOFR +.31% | 2000 | 2022 | 17,900,000 | 1,635,000 |
| Series 2015 PID 5 | 2.0-5.0 | 2016 | 2035 | 640,000 | 310,000 |
| Series 2016 TRZ 1 | 3.0-5.0 | 2016 | 2030 | 3,135,000 | - |
| Series 2019 TRZ 1 | 1.5-2.5 | 2019 | 2026 | 7,105,000 | 7,105,000 |
| Total tax increment and public improvement district debt | | | | | 9,050,000 |
| Sales tax revenue debt | | | | | |
| Series 2008 Crime Control | 6mo SOFR*62.075+1.07 | 2008 | 2022 | 54,800,000 | 5,245,000 |
| Total Crime Control | | | | | 5,245,000 |
| Series 2009 Park Venue subordinate | 3.77 | 2009 | 2027 | 13,390,000 | 6,245,000 |
| Series 2013 Park Venue | 2.0-4.0 | 2013 | 2027 | 11,060,000 | 4,570,000 |
| Series 2016 Park Venue | 2.0-4.0 | 2016 | 2036 | 6,730,000 | 5,670,000 |
| Total Park Venue | | | | | 16,485,000 |
| Sales tax revenue debt | | | | | |
| Series 2015 EPIC | 3.721-5.032 | 2015 | 2040 | 74,825,000 | 68,235,000 |
| Total EPIC | | | | | 68,235,000 |
| Total general obligation debt | | | | | 462,155,000 |
| Unamortized bond premiums/discouts | | | | | 27,203,630 |
| Total long-term debt - governmental activities | | | | | \$ 489,358,630 |

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

Below is a summary of the changes in noncurrent liabilities of the City's primary government and component units:

| | Balance October 1, 2020 | Borrowings or Increase | Payments or Decrease | Balance September 30, 2021 | Due Within One Year |
|--|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General obligation bonds | \$ 59,055,000 | \$ 66,945,000 | \$ (8,825,000) | \$ 117,175,000 | \$ 8,590,000 |
| Combination tax and revenue certificates of obligation | 219,305,000 | 40,150,000 | (13,490,000) | 245,965,000 | 16,195,000 |
| Tax increment and public improvement district bonds | 11,725,000 | - | (2,675,000) | 9,050,000 | 2,160,000 |
| Sales tax revenue bonds - Epic | 70,520,000 | - | (2,285,000) | 68,235,000 | 2,375,000 |
| Sales tax revenue bonds - Crime Control | 10,795,000 | - | (5,550,000) | 5,245,000 | 5,245,000 |
| Sales tax revenue bonds - Park Venue | 18,535,000 | - | (2,050,000) | 16,485,000 | 2,120,000 |
| Issuance premiums/discounts, net | 26,089,620 | 3,272,425 | (2,158,415) | 27,203,630 | - |
| Total long-term debt | 416,024,620 | 110,367,425 | (37,033,415) | 489,358,630 | 36,685,000 |
| Compensated absences | 21,064,457 | 11,073,987 | (11,051,407) | 21,087,037 | 9,679,444 |
| Other post-employment benefits liability | 60,687,581 | 6,172,017 | (2,400,805) | 64,258,793 | - |
| Net pension liability | 59,113,940 | 51,564,901 | (61,452,177) | 49,226,664 | - |
| Environmental remediation liability | 20,900 | 6,450 | - | 27,350 | 27,350 |
| Other liabilities | 1,139,367 | 3,108,638 | (160,776) | 4,087,229 | 678,882 |
| Total governmental activities | 558,050,865 | 182,293,418 | (112,298,580) | 628,045,703 | 47,070,676 |
| Business-type activities: | | | | | |
| Certificates of obligation | 725,000 | - | (170,000) | 555,000 | 175,000 |
| Water and wastewater revenue bonds | 47,155,800 | - | (5,120,000) | 42,035,800 | 5,295,000 |
| Issuance premiums/discounts, net | 3,367,678 | - | (271,733) | 3,095,945 | - |
| Total long-term debt | 51,248,478 | - | (5,561,733) | 45,686,745 | 5,470,000 |
| Compensated absences | 469,411 | 915,072 | (760,739) | 623,744 | 494,545 |
| Other post-employment benefits liability | 6,275,983 | 708,715 | (298,865) | 6,685,833 | - |
| Net pension liability | 4,470,085 | 5,921,053 | (4,741,641) | 5,649,497 | - |
| Closure and post closure liability | 8,648,946 | 533,456 | (99,384) | 9,083,018 | - |
| Total business-type activities | 71,112,903 | 8,078,296 | (11,462,362) | 67,728,837 | 5,964,545 |
| Total primary government | \$ 629,163,768 | \$ 190,371,714 | \$ (123,760,942) | \$ 695,774,540 | \$ 53,035,221 |
| Component unit activities: | | | | | |
| Housing Finance Corporation: | | | | | |
| Paycheck Protection Program- Note Payable | \$ - | \$ 119,096 | \$ - | \$ 119,096 | \$ - |
| Line of credit | 3,521,670 | - | (63,148) | 3,458,522 | 65,885 |
| Revenue bonds | 6,905,000 | - | (265,000) | 6,640,000 | 295,000 |
| Subordinate revenue bonds | 4,550,000 | 41,760 | - | 4,591,760 | - |
| Total Housing Finance Corporation | 14,976,670 | 160,856 | (328,148) | 14,809,378 | 360,885 |
| Local Government Corporation | | | | | |
| Environmental remediation liability | - | 239,369 | - | 239,369 | 239,369 |
| Total Local Government Corporation | - | 239,369 | - | 239,369 | 239,369 |
| Total component units | \$ 14,976,670 | \$ 400,225 | \$ (328,148) | \$ 15,048,747 | \$ 600,254 |

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain United States persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial United States owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the Bonds and sales proceeds of Bonds held by or through a foreign entity. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

REPORTING OF INTEREST PAYMENTS

Subject to certain exceptions, interest payments made to beneficial owners with respect to the Bonds will be reported to the IRS. Such information will be filed each year with the IRS on Form 1099 which will reflect the name, address, and TIN of the beneficial owner. A copy of Form 1099 will be sent to each beneficial owner of a Bond for U.S. federal income tax purposes.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the registered and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The City will provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2022, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 5 and 7 through 14 and (2) within twelve months after the end of each fiscal year ending in or after 2022, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12, as amended (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data.

NOTICE OF CERTAIN EVENTS . . . The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above under "Annual Reports."

For these purposes, (A) any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, (B) for the purposes of any event described in the immediately preceding clauses (15) and (16), the term "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule, and (C) the City intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing financial and operating information only as described above. Investors may access continuing disclosure information filed with the MSRB free of charge via the Electronic Municipal Market Access system at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although registered and beneficial owners of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends its continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATING . . . The Bonds have been rated "AAA" with a stable outlook by S&P Global Ratings, a division of S&P Global Inc. ("S&P"). An explanation of the significance of the rating may be obtained from the company furnishing the rating. The rating reflects only the view of such company and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price of the Bonds.

LITIGATION . . . City staff believes there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

G. Unearned Revenue

Unearned revenue is a liability for resources obtained prior to revenue recognition. Below is a summary of the City's unearned revenue as of September 30, 2021.

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Prepaid pipeline lease | \$ 804,981 | \$ 113,614 | \$ 918,595 |
| Prepaid arrangements - Cemetery Fund | 2,029,867 | - | 2,029,867 |
| Unspent grant funds - Texas Water Development Board | - | 905,606 | 905,606 |
| Prepaid rental deposits - Parks | 286,218 | - | 286,218 |
| Park Venue Fund deposits on events to be held | 7,519 | - | 7,519 |
| Event Revenue | 39,762 | - | 39,762 |
| Unspent grant funding | 18,354,828 | - | 18,354,828 |
| Total unearned revenue | \$ 21,523,175 | \$ 1,019,220 | \$ 22,542,395 |

H. Long-Term Obligations

Compensated Absences and Postemployment Benefits

Governmental activities record liabilities for compensated absences and retiree postemployment costs at the government-wide financial statement level. Generally, these liabilities are paid from the General Fund. Liabilities for business-type activities are recorded and liquidated in the fund that incurs the liability.

Long-Term Debt

Governmental Activities

Long-term debt in the governmental activities' column of the government-wide Statement of Net Position consists of general obligation bonds (including refunding), certificates of obligation bonds, sales tax revenue bonds, and unamortized bond premium/discounts.

General obligation bonds and certificates of obligation provide funds for the acquisition and construction of capital equipment and facilities. General obligation bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General obligation bonds and certificates of obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Significant transfers from Business-Type Activities to Governmental Activities:

- \$6,325,724 from the Storm Water Utility fund to the Drainage fund for capital project funding.
- \$48,000 from the Airport fund to the Capital Lending Reserve fund for repayment of interfund loan.
- \$150,000 from the Water and Wastewater Fund to the Other CIP fund for IT acquisitions.
- \$1,263,985 from the Water and Wastewater Fund to the Street Maintenance Fund for payments in lieu of property taxes
- \$497,500 from the Water and Wastewater Fund to the Grants Fund for project funding
- \$200,000 from the Solid Waste Fund to the Municipal Facilities Fund for capital project funding
- \$450,000 from the Solid Waste Fund to the Other CIP fund for capital project funding.
- \$60,963 from the Solid Waste Fund to the Fleet Services Internal Service Fund for capital assets.
- \$97,121 from the Solid Waste Fund to the Street Maintenance Fund for payments in lieu of property taxes

Other significant transfers made between governmental funds included the following:

- \$6,560,077 from the General to the Park Venue for fiscal operations
- \$5,470,542 from the Streets CIP Fund to the Grants Fund for capital project funding.
- \$37,693,951 from EPIC 2 CIP Fund to the TIF #1 EPIC CIP Fund to create the new fund for EPIC capital projects.
- \$6,700,000 from the General to the Capital Lending Reserve for future capital needs and improvement.
- \$2,940,000 from the General to the IT & Equipment Acquisition funds (annual appropriation)
- \$10,393,527 from the General to the Grants to fund matching requirements related to operating grants
- \$1,500,000 from the Park Venue to the Park Capital Fund for improvements to infrastructure and equipment at city wide parks

F. Deferred Outflows/Inflows of Resources

Deferred Inflows of Resources - Unavailable Revenue

The governmental funds report unavailable revenues from the following sources:

| | General Fund | Debt Service Fund | Total |
|----------------|---------------------|-------------------|---------------------|
| Property taxes | \$ 1,905,045 | \$ 928,844 | \$ 2,833,889 |
| Ambulance | 138,616 | - | 138,616 |
| Total | \$ 2,043,661 | \$ 928,844 | \$ 2,972,505 |

In the Government-Wide Statement of Activities, these amounts were reported as revenue in the period in which they were earned.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . .The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . .Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments, investment securities governed by, Chapter 8, Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Rating" above. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states. No representation is made that the Bonds will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes.

LEGAL OPINION AND LITIGATION CERTIFICATE . . .The City will furnish a complete transcript of proceedings relating to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect. See Appendix C. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon by West & Associates, L.L.P. Dallas, Texas, Disclosure Counsel. The legal fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgement of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgement, of the transaction opened upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

CYBERSECURITY . . .The City has taken several steps to enhance and protect information systems and information of the City. The City's dedicated Chief Information Officer is certified in cybersecurity matters and responsible for carrying out information security responsibilities. Some of the City's security operations include regular staff cyber training, periodic system tests and audits, authorizing information access commensurate with classification level and sensitivity, and routine replacement of software and related information equipment. In addition, to help protect the City against claims and expenses due to a cybersecurity incident, the City maintains cyber insurance. The City prioritizes the ability to identify, protect, detect, respond and recover from cyber events and incidents from nation state actors, organized criminals, hactivist groups and insider threats.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION . . .The financial data and other information contained herein have been obtained from City records, audited financial statements, and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents, and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

INITIAL PURCHASER OF THE BONDS. . .After requesting competitive bids for the Bonds, the City accepted the bid of Robert W. Baird & Co., Incorporated. (the "Purchaser" or "Initial Purchaser") to purchase the Bonds at the interest rates shown on page 2 hereof at a price of par less a cash discount of \$44,966.50. The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Purchaser. The City has no control over the prices at which the Bonds are subsequently sold and the initial yields at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Purchaser.

FORWARD LOOKING STATEMENTS....The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CERTIFICATION OF THE OFFICIAL STATEMENT....At the time of payment for and delivery of the Bonds, the City will furnish the Purchaser a certificate, executed by an authorized representative of the City, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

In the Bond Ordinance, the City Council authorized the Pricing Officer to approve, for and on behalf of the City, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Purchaser's use of this Official Statement in the reoffering of the Bonds by the Purchaser, all of which the Pricing Officer approved in the Pricing Certificate.

/s/ Steve Dye
Pricing Officer

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Two of the City's enterprise funds, the Water and Wastewater Fund and the Solid Waste Fund, make payments in lieu of property taxes to the Street Maintenance Fund, which is a Nonmajor Governmental Fund to provide funding for street repairs. The payments are calculated by applying the City's property tax rate to the net book value of the enterprise funds' capital assets. Since the calculation methodology is not the same as that applied to similar activities in the private sector in several respects, these payments are recorded as transfers in/out rather than as operating revenues/expenses.

At September 30, 2021, transfers between the City's governmental activities and the City's business-type activities consisted of the following:

| Transfers Out | Transfers In | | | | | |
|-----------------------------|--------------|----------------|------------------|----------------------|-------------------|-----------------|
| | General Fund | Section 8 Fund | Streets CIP Fund | Grants Fund | Debt Service Fund | Epic 2 CIP Fund |
| General Fund | \$ - | \$ - | \$ - | \$ 10,393,527 | \$ - | \$ - |
| Streets CIP Fund | - | - | - | 5,470,542 | - | - |
| Grants Fund | - | - | - | - | - | - |
| Debt Service Fund | - | - | - | - | - | - |
| Epic 2 CIP Fund | - | - | - | - | - | - |
| Nonmajor Governmental Funds | - | - | - | 11,730 | 950,000 | - |
| Internal Service Funds | - | - | - | - | - | - |
| Water & Wastewater Fund | - | - | - | 497,500 | - | - |
| Solid Waste Fund | - | - | - | - | - | - |
| Nonmajor Enterprise Funds | - | - | - | - | - | - |
| Total | \$ - | \$ - | \$ - | \$ 16,373,299 | \$ 950,000 | \$ - |

| Transfers out | Transfers In | | | | | |
|-----------------------------|-----------------------------|-----------------------|------------------|---------------------------------|-----------------------|----------------------|
| | Nonmajor Governmental Funds | Water Wastewater Fund | Solid Waste Fund | Other Nonmajor Enterprise Funds | Internal Service Fund | Total |
| General Fund | \$ 16,557,229 | \$ 6,200,000 | \$ - | \$ - | \$ - | \$ 33,150,756 |
| Streets CIP Fund | - | - | - | - | - | 5,470,542 |
| Grants Fund | 309,427 | - | - | - | - | 309,427 |
| Debt Service Fund | - | - | - | 187,955 | - | 187,955 |
| Epic 2 CIP Fund | 37,693,951 | - | - | - | - | 37,693,951 |
| Nonmajor Governmental Funds | 9,942,535 | 16,000 | - | 350,000 | - | 11,270,265 |
| Internal Service Funds | 261,040 | - | - | - | - | 261,040 |
| Water & Wastewater Fund | 1,413,985 | - | - | - | - | 1,911,485 |
| Solid Waste Fund | 297,121 | - | - | - | 60,963 | 358,084 |
| Nonmajor Enterprise Funds | 6,373,724 | - | - | - | - | 6,373,724 |
| Total | \$ 72,849,012 | \$ 6,216,000 | \$ - | \$ 537,955 | \$ 60,963 | \$ 96,987,229 |

Significant transfers from Governmental Activities to Business-Type Activities:

- \$6,200,000 from the General Fund to the Water and Wastewater Fund for pooled cash coverage
- \$16,000 from the Public Improvement District (PID) fund to the Water and Wastewater Fund for PID funding.
- \$350,000 from the Parks Venue fund to the Golf fund for golf course operations.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Cost Reimbursements

The cost of the City's central general and administrative services is allocated to the designated special revenue and enterprise funds. These costs are reported as interfund services provided and used rather than interfund transfers. Interfund services provided and used are arms-length transactions between departments or funds that would be treated as revenues, expenditures or expenses if they were with an external organization. The distinguishing aspect of interfund services provided and used are that each department or fund both gives and receives consideration.

Cost reimbursements for general and administrative services (indirect costs) are recorded as general and administrative revenue in the City's General Fund. Indirect costs are recorded as general and administrative expenses in the funds receiving these services.

For the year ended September 30, 2021, cost reimbursements were as follows:

| Fund | Amount |
|-----------------------------------|---------------------|
| Water and wastewater funds | \$ 4,577,846 |
| Solid waste funds | 560,806 |
| Storm water funds | 106,582 |
| Airport fund | 79,538 |
| Other nonmajor governmental funds | 248,760 |
| Total to general fund | \$ 5,573,532 |

Franchise Fees

The City's enterprise funds, which use public right-of-way, pay franchise fees to the General Fund as if they were organizations separate from the City. These fees are not taxes, but are compensation to the City for the use of the City's right-of-way. These payments, 4% of gross revenues, are reported as interfund services provided and used rather than interfund transfers, and are reported as revenue (franchise fees) in the General Fund and expenses in the enterprise funds.

For the year ended September 30, 2021, franchise fees paid to the General Fund were as follows:

| Fund | Amount |
|----------------------------|---------------------|
| Water and wastewater funds | \$ 3,408,287 |
| Solid waste funds | 428,818 |
| Storm water funds | 344,068 |
| Total | \$ 4,181,173 |

Interfund Transfers

Interfund transfers are made to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and 4) make payments in lieu of property taxes.

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

At September 30, 2021, a summary of changes in capital assets of the Housing Finance Corporation was as follows:

| Housing Finance Corporation | Balance January 1, 2020 | Additions/ Completions | Transfers/ Disposals/ Reclasses | Balance December 31, 2020 |
|--|-------------------------------|---------------------------|---------------------------------------|---------------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 1,612,851 | \$ - | \$ - | \$ 1,612,851 |
| Total non-depreciable capital assets | 1,612,851 | - | - | 1,612,851 |
| Depreciable capital assets: | | | | |
| Buildings | 21,086,364 | 443,569 | 497,167 | 22,027,100 |
| Less accumulated depreciation | <u>(10,286,691)</u> | <u>(1,021,146)</u> | <u>(497,167)</u> | <u>(11,805,004)</u> |
| Total depreciable capital assets, net | 10,799,673 | (577,577) | - | 10,222,096 |
| Housing Finance Corporation assets, net | <u>\$ 12,412,524</u> | <u>\$ (577,577)</u> | <u>\$ -</u> | <u>\$ 11,834,947</u> |

At September 30, 2021, a summary of changes in capital assets of the Local Government Corporation was as follows:

| Local Government Corporation | Balance October 1, 2020 | Additions/ Completions | Transfers/ Disposals/ Reclasses | Balance September 30, 2021 |
|---|-------------------------------|---------------------------|---------------------------------------|----------------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ - | \$ 4,885,331 | \$ - | \$ 4,885,331 |
| Construction in progress | - | 50,000 | - | 50,000 |
| Total non-depreciable capital assets | - | 4,935,331 | - | 4,935,331 |
| Local Government Corporation assets, total | <u>\$ -</u> | <u>\$ 4,935,331</u> | <u>\$ -</u> | <u>\$ 4,935,331</u> |

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E. Interfund Transactions

Interfund Receivables and Payables

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as "due to/from other funds. A summary of interfund receivables and payables balances at September 30, 2021, is as follows:

| Receivable Fund | Payable Fund | | |
|-----------------------------|-----------------------|-----------------------------------|--------------------|
| | General Fund | Nonmajor Governmental Funds | Total |
| Grants Fund | \$ 28,000,000 | \$ - | \$ 28,000,000 |
| Nonmajor Governmental Funds | 112,000,000 | 1,371,317 | 113,371,317 |
| Water & Wastewater Fund | 7,000,000 | - | 7,000,000 |
| | <u>\$ 147,000,000</u> | <u>\$ 1,371,317</u> | <u>148,371,317</u> |

The primary purpose of the interfund receivables and payables listed above is to cover cash shortages in the reported funds.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

| Business-Type Activities | Balance October 1, 2020 | Additions | Transfers/ Disposals/ Reclassification | Balance September 30, 2021 |
|--|-------------------------------|---------------------|--|----------------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 5,105,222 | \$ 18,131 | \$ - | \$ 5,123,353 |
| Construction in progress | 34,107,743 | 11,793,989 | (11,387,471) | 34,514,261 |
| Total non-depreciable capital assets | 39,212,965 | 11,812,120 | (11,387,471) | 39,637,614 |
| Depreciable capital assets: | | | | |
| Buildings | 19,908,987 | - | 1,632,969 | 21,541,956 |
| Equipment | 28,107,787 | 3,147,298 | (1,652,190) | 29,602,895 |
| Infrastructure | 401,681,312 | 10,603,683 | 8,709,730 | 420,994,725 |
| Total depreciable capital assets | 449,698,086 | 13,750,981 | 8,690,509 | 472,139,576 |
| Less accumulated depreciation for: | | | | |
| Buildings | (9,791,166) | (666,443) | - | (10,457,609) |
| Equipment | (14,053,960) | (2,860,900) | 1,557,505 | (15,357,355) |
| Infrastructure | (220,058,838) | (14,903,759) | 1,308,208 | (233,654,389) |
| Total accumulated depreciation | (243,903,964) | (18,431,102) | 2,865,713 | (259,469,353) |
| Total depreciable capital assets, net | 205,794,122 | (4,680,121) | 11,556,222 | 212,670,223 |
| Total capital assets, net | \$ 245,007,087 | \$ 7,131,999 | \$ 168,751 | \$ 252,307,837 |

Depreciation expense was charged to governmental and business-type activities as follows:

| Governmental activities: | | Business-type activities: | |
|--|----------------------|---------------------------------------|----------------------|
| Support services | \$ 4,774,651 | Water and wastewater | \$ 14,647,399 |
| Public safety services | 8,507,229 | Solid waste | 1,803,759 |
| Recreation and leisure services | 9,746,647 | Other business-type activities | 1,979,944 |
| Development services | 23,229,927 | | |
| Internal services funds (see note below) | 306,092 | | |
| Total governmental activities | \$ 46,564,546 | Total business-type activities | \$ 18,431,102 |

Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets.

At September 30, 2021, a summary of changes in capital assets of the Sports Corporation was as follows:

| Sports Corporation | Balance October 1, 2020 | Additions/ Completions | Transfers/ Disposals/ Reclasses | Balance September 30, 2021 |
|-------------------------------|-------------------------------|---------------------------|---------------------------------------|----------------------------------|
| Equipment | \$ 310,078 | \$ - | \$ - | \$ 310,078 |
| Less accumulated depreciation | (310,078) | - | - | (310,078) |
| Total | \$ - | \$ - | \$ - | \$ - |

THE CITY

LOCATION

The City of Grand Prairie, Texas (the "City"), is centrally located amid the estimated 6 million people in the Dallas/Fort Worth area. The City stretches 28 miles long by about eight miles at its widest point. The City covers about 81 square miles.

TRANSPORTATION

The City has access to four major interstate highway systems - IH-20, IH-30, IH-35 and IH-45 - five state highway systems - SH-360, SH-180, SH-303, SH-161, and Loop 12. FM-1382 - U.S. 287 all run through the City, or are within 15-30 minutes of the City's boundaries.

- IH-20: an eight-lane east-west expressway that passes through south of the City, linking the City to Dallas and Fort Worth. West of Fort Worth, IH-20 leads to Abilene and Odessa. Eastward destinations on IH-20 are Tyler, Longview and Shreveport, Louisiana.
- IH-30: a six-lane east-west expressway that passes through north of the City and also links the City to Dallas and Fort Worth. IH-30 links to IH-20 in west Fort Worth. Eastward destinations on IH-30 are Greenville, Texarkana and the state of Arkansas.
- SH-360: a six-lane north-south expressway running along the western edge of the City, a key route to Dallas-Fort Worth International Airport.
- President George Bush Turnpike: a four and six-lane north-south tollway runs 10.5 miles through Grand Prairie from the northern City limits to IH-20.

The City's Municipal Airport serves small piston planes to large business turboprop aircraft and helicopters. The airport has a 4,000-foot-long, 75-foot-wide lighted, concrete runway, repair service and cargo handling, a helipad, dining facilities, and support facilities for training, private aviation and business flying activities. The airport is designated in the FAA National Plan of Integrated Airport System and the Texas Aeronautical Facilities Plan. Hangar space is available for nearly 233 aircraft, with tie-down space and FBO services available.

The Dallas/Fort Worth International Airport ("DFW Airport") lies about five miles north of the City's northern border. In 2021, Airports Council International ("ACI") ranked DFW Airport second among United States airports and third globally for total number of aircraft operations. In 2021, the ACI report ranked DFW Airport second globally and domestically for passengers. In 2021, DFW served 55.4 million passengers and provided service to 196 domestic and 65 international destinations (www.dfwairport.com).

POPULATION

The estimated population for 2022 is 200,640. From the 2010 Census to the 2020 Census, the City's population increased 12 percent.

DEMOGRAPHICS

2020 Census estimates of the City Non-Hispanic population breakdown were 60.8 percent white, 23.1 percent black, 6.9 percent Asian and Pacific Islander, 0.2 percent American Indian, 0.9 percent other; Hispanic of any race comprises 48.7% of the population.

Age distribution estimates of residents, according to the 2020 Census, are 67.2 percent ages 21 and older, 10.1 percent older than 65, and 28.5 percent younger than 18.

INDUSTRIAL BASE

Wholesale trade (distribution), manufacturing and retail trade companies are the largest industrial sectors in the City.

INDUSTRY PROFILE

| Industry | Percent of Total gross sales |
|---|------------------------------|
| Wholesale Trade | 32.42% |
| Manufacturing | 24.62% |
| Retail Trade | 21.89% |
| Construction | 9.12% |
| Accommodation/Food Services | 2.30% |
| Admin/Support/Waste Mgmt/Remediation Services | 2.03% |
| Other Services (except Public Administration) | 1.97% |
| Real Estate/Rental/Leasing | 1.18% |
| Transportation/Warehousing | 0.91% |
| Professional/Scientific/Technical Services | 0.90% |
| Arts/Entertainment/Recreation | 0.70% |
| Information | 0.68% |
| Agriculture/Forestry/Fishing/Hunting | 0.48% |
| Finance/Insurance | 0.25% |
| Educational Services | 0.18% |
| Health Care/Social Assistance | 0.13% |

Source: Texas Comptroller.

LABOR FORCE

| | August | Average Annual | | | | |
|----------------------|---------|----------------|--------|--------|--------|--------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| Civilian Labor Force | 105,845 | 102,076 | 98,905 | 98,881 | 98,265 | 97,727 |
| Employed | 101,548 | 96,337 | 91,024 | 95,309 | 94,525 | 93,925 |
| Unemployed | 4,297 | 5,739 | 7,881 | 3,572 | 3,740 | 3,802 |
| % of Unemployed | 4.06% | 5.62% | 7.97% | 3.61% | 3.81% | 3.89% |

Source: Texas Employment Commission.

TOP TEN EMPLOYERS

| Company | Product-Service | Estimated Employees |
|---|--|---------------------|
| Grand Prairie Independent School District | Administration of Education Programs | 4,000 |
| Lockheed Martin Missiles and Fire Control | Research and Development in the Physical, Engineering, and Life Sciences | 4,000 |
| Poly-America Inc. | Unsupported Plastics Film and Sheet (except Packaging) Manufacturing | 2,000 |
| City of Grand Prairie | Public Administration | 1,600 |
| Bell Helicopter-Textron | Helicopter aircraft manufacturing | 1,200 |
| Flex-N-Gate | Auto Accessory Manufacturing | 1,200 |
| Lear Seating | Manufacturing | 1,100 |
| Lone Star Park at Grand Prairie | Racetracks | 950 |
| Forterra Pipe & Products, Inc. | Concrete Pipe Manufacturing | 950 |
| K & N Filters | Air Filter Manufacturer | 800 |

Source: City's financial statement.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Assets were restricted for the following purposes:

| Purpose | Governmental Activities | Business-Type Activities | Total |
|--------------------------------|-------------------------|--------------------------|-----------------------|
| Customer deposits | \$ 45,600 | \$ 5,942,774 | \$ 5,988,374 |
| Debt service | 3,792,767 | 5,607,337 | 9,400,104 |
| Capital projects | 73,903,750 | 55,606,358 | 129,510,108 |
| Support services | 2,602,224 | - | 2,602,224 |
| Public safety | 7,229,431 | - | 7,229,431 |
| Recreation and leisure | 26,949,596 | - | 26,949,596 |
| Development services | 11,850,024 | - | 11,850,024 |
| Other specific purposes | 29,013,805 | - | 29,013,805 |
| Total restricted assets | \$ 155,387,197 | \$ 67,156,469 | \$ 222,543,666 |

D. Capital Assets

Capital asset activity for the year ended September 30, 2021 was as follows:

| Governmental Activities | Balance October 1, 2020 | Additions | Transfers/ Disposals/ Reclassification | Balance September 30, 2021 |
|--|-------------------------|----------------------|--|----------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 47,157,907 | \$ 8,008,645 | \$ - | \$ 55,166,552 |
| Construction in progress | 180,158,846 | 45,250,111 | (133,532,878) | 91,876,079 |
| Total non-depreciable capital assets | 227,316,753 | 53,258,756 | (133,532,878) | 147,042,631 |
| Depreciable capital assets: | | | | |
| Buildings | 257,020,516 | 2,803,371 | 104,634,670 | 364,458,557 |
| Equipment | 130,391,982 | 4,320,133 | (5,402,242) | 129,309,873 |
| Infrastructure | 644,841,043 | 5,908,518 | 13,893,206 | 664,642,767 |
| Total depreciable capital assets | 1,032,253,541 | 13,032,022 | 113,125,634 | 1,158,411,197 |
| Less accumulated depreciation for: | | | | |
| Buildings | (94,109,832) | (10,713,119) | 1,236,598 | (103,586,353) |
| Equipment | (84,377,548) | (10,960,643) | 6,400,892 | (88,937,299) |
| Infrastructure | (377,187,046) | (24,890,784) | 16,450,338 | (385,627,492) |
| Total accumulated depreciation | (555,674,426) | (46,564,546) | 24,087,828 | (578,151,144) |
| Total depreciable capital assets, net | 476,579,115 | (33,532,524) | 137,213,462 | 580,260,053 |
| Total capital assets, net | \$ 703,895,868 | \$ 19,726,232 | \$ 3,680,584 | \$ 727,302,684 |

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

B. Receivables

At September 30, 2021, receivables, including applicable allowances for uncollectible accounts, consisted of the following:

| Governmental Activities | General | Grants | Debt Service | Nonmajor Governmental | Internal Service | Total Governmental |
|------------------------------|---------------|-----------|--------------|-----------------------|------------------|--------------------|
| Receivables: | | | | | | |
| Property taxes | \$ 2,878,511 | \$ - | \$ 1,249,381 | \$ - | \$ - | \$ 4,127,892 |
| Sales taxes | 7,780,887 | - | - | 7,769,116 | - | 15,550,003 |
| Franchise fees | 2,371,762 | - | - | 60,026 | - | 2,431,788 |
| Other | 3,809,030 | 32,189 | 4,658 | 1,813,036 | 84,060 | 5,742,973 |
| Total receivables, gross | 16,840,190 | 32,189 | 1,254,039 | 9,642,178 | 84,060 | 27,852,656 |
| Less: | | | | | | |
| Allowance for uncollectibles | (1,406,887) | - | (324,400) | - | - | (1,731,287) |
| Total receivables, net | \$ 15,433,303 | \$ 32,189 | \$ 929,639 | \$ 9,642,178 | \$ 84,060 | \$ 26,121,369 |

| Business-Type Activities: | Water Wastewater | Solid Waste | Other Nonmajor | Total Business-Type |
|-------------------------------|---------------------|-------------------|-------------------|---------------------|
| Receivables: | | | | |
| Trade accounts | \$ 11,131,810 | \$ 1,810,470 | \$ 1,019,679 | \$ 13,961,959 |
| Other | - | 10,000 | - | 10,000 |
| Total receivables, gross | 11,131,810 | 1,820,470 | 1,019,679 | 13,971,959 |
| Less: | | | | |
| Allowance for uncollectibles | (5,284,392) | (1,249,617) | (274,390) | (6,808,399) |
| Total receivables, net | \$ 5,847,418 | \$ 570,853 | \$ 745,289 | \$ 7,163,560 |

C. Restricted Assets

At September 30, 2021, restricted assets consisted of the following:

| | Governmental Activities | Business-Type Activities | Total |
|---------------------------|-------------------------|--------------------------|-----------------------|
| Cash and cash equivalents | \$ 12,105,518 | \$ 2,958,022 | \$ 15,063,540 |
| Investments | 143,281,679 | 64,198,447 | 207,480,126 |
| | \$ 155,387,197 | \$ 67,156,469 | \$ 222,543,666 |

RECREATION

Recreational facilities include the 7,500-acre Joe Pool Lake, championship level Tangle Ridge Golf Course, Lone Star Park at Grand Prairie, Epic Waters indoor water park, and 54 public parks on 5,068.2 acres. Parks, Arts and Recreation facilities include an extreme skate park, four multipurpose recreation centers, an active adult center, indoor pool, three outdoor pools, five football, soccer, softball and baseball complexes, two golf courses, 14 tennis courts, an all-inclusive playground, three linear parks, and four developed lake parks at Joe Pool Lake.

EpicCentral is a 172-acre park located off Highway 161. It features Epic Waters Indoor Water Park, The Epic mega-recreation center, The Epic Black Box Theater, PlayGrand Adventures all-access playground, the Summit Active Adult Center, Prairie Paws Animal Shelter, Central Bark Dog Park and Main Event Entertainment. Coming by the end of 2022 are six new restaurants, an amazing water and light show, and Bolder Adventure Indoor adventure park. In 2023, two conference hotels and parking garage will be completed, as will on-land interactive experiences, unique programming, and ever-changing rotation of entertainment.

Parks and Recreation facilities include an extreme skate park, two multipurpose recreation centers, an active adult center, a senior center, indoor pool, three outdoor pools, five softball and baseball complexes, two golf courses, 32 tennis courts, a soccer complex, a central park, PlayGrand Adventures and two lake parks on Joe Pool Lake.

Ripley's Believe It Or Not, The Palace of Wax and Trader's Village in the City are popular entertainment and shopping locations. Nearby are Six Flags over Texas in Arlington and zoos, art museums, symphonies and ballet in Dallas and Fort Worth.

Lone Star Park at Grand Prairie is one of three Class 1 horse-racing tracks in Texas and includes a world class racebook and simulcast facility.

Professional Sports: the Dallas Cowboys of the National Football League, the Texas Rangers of Major League Baseball, the Dallas Mavericks of the National Basketball Association, the Dallas Stars of the National Hockey League, and the FC Dallas of Major League Soccer. All have home games within 5-25 minutes of the City.

NCAA-event schools: Southern Methodist University and Texas Christian University in Dallas and Fort Worth.

Cedar Hill State Park, just south east of the City, offers 355, mostly wooded campsites in the Dallas-Fort Worth hill country. Among park facilities are two lighted fishing jetties and boat access to Joe Pool Lake.

EDUCATION

Seven public universities and eight independent universities, including health related education facilities, in the region totaled enrollment of 157,923 in 2020 (source: Texas Higher Education Coordinating Board). The universities, among them University of Texas campuses (Arlington and Dallas), offer programs from engineering to business and degrees from bachelor's to medical doctorates.

The Dallas and Tarrant counties public community colleges - the nearest of them Mountain View in Dallas, North Lake in Irving, Cedar Valley in Lancaster, the Southeast campus of Tarrant County College in Arlington, and El Centro in Dallas - counted over 186,244 students in 2020 (source: Texas Higher Education Coordinating Board). Additionally, three technically oriented post-secondary schools are within 30 minutes of the City.

In addition to their degree programs, many of these colleges and universities offer business consulting, employee training specific to a company's skill demands, community health care services, economic and land development research, computer and information services and library facilities open to the community.

Grand Prairie Independent School District (the "GPISD") and the Arlington Independent School District (the "AISD") predominate among the six school districts with boundaries in the City.

GPISD comprises 20 elementary schools, six middle schools, two ninth grade centers, four senior high schools, one alternative education school and one early childhood center. Students whose residences are on the Dallas County side of the City attend GPISD.

Students who reside in Tarrant County and Grand Prairie attend AISD, which comprises of nine high schools, 13 junior high schools, and 52 elementary schools (six in the City). AISD has no junior high schools or high schools in the City.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

Grand Prairie Sports Facilities Development

The Corp has recurring fair value measurements as presented in the table below. The Corp's investment balances and weighted average maturity of such investments are as follows:

| | September 30, 2021 | Fair Value Measurements Using | | | Weighted Average Maturity (Days) | Credit Risk |
|---|-----------------------|--|---|--|---|-------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | | |
| Cash | \$ 108,853 | \$ - | \$ - | \$ - | | |
| Investments measured at amortized cost: | | | | | | |
| Investment Pools: | | | | | | |
| TexPool | 9,019,554 | - | - | - | 1 | AAAm |
| Investments by fair value level: | | | | | | |
| U.S. government agency securities: | | | | | | |
| FHLB | 2,011,638 | - | 2,011,638 | - | 477 | AAA |
| Total | \$ 11,140,045 | \$ - | \$ 2,011,638 | \$ - | | |

The Sports Corporation is authorized to invest in obligations of the U. S. or its agencies and instrumentalities, certain repurchase agreements, municipal securities with a rating of at least A, collateralized or insured certificates of deposit, and SEC-registered, no-load money market mutual funds comprised of securities allowed under the Public Funds Investments Act and public funds investment pools. At year-end, all investments of the Sports Corporation were held by the Sports Corporation's agent in the Sports Corporation's name. The fair value of investments owned at September 30, 2021 was \$9,019,554 in the Public Funds Investment Pool (TexPool) and \$2,011,638 in U.S. agency instrumentalities.

City and Grand Prairie Sports Facilities Development Investment Portfolio

The asset mix of the City's and Sports Corporation's portfolio is expressed in terms of maximum commitment so as to allow flexibility to take advantage of market conditions. The asset mix requirements are as follows:

| | City % Maximum | Sports Corporation % Maximum |
|---|-------------------|------------------------------------|
| 1. U.S. Treasury bills and notes | 100 | 100 |
| 2. U.S. agency or instrumentality obligations (each type) | 25 ^a | 40 |
| 3. Repurchase agreements | 20 | 20 |
| 4. Municipal securities (total) | 40 | 40 |
| 5. Municipal securities (out-of-state) | 40 | 40 |
| 6. Certificates of deposit (per institution) | 20 | 20 |
| 7. Money market mutual fund | 50 ^b | 50 ^b |
| 8. Public funds investment pool | 50 | 100 |

^a Total agency investments limited to no more than 100% of the total portfolio.

^b State law allows up to 80% of monthly average fund balance, excluding bond proceeds. The City limits its exposure to 50% to reduce risk.

In addition, the City may invest in callable securities but shall limit the total amount to no more than 50% of the portfolio. The Sports Corporation does not limit callable securities. The City and Sports Corporation did not invest in any securities different from the categories mentioned above during the 2020-2021 fiscal year.

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City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Investment Policy

The City is required by Government Code Chapter 2256, the Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must be written, primarily to emphasize safety of principal and liquidity; address 1) investment diversification, yield, and maturity, and 2) the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and, the maximum allowable stated maturity of any individual investment owned by the entity.

The City Council has adopted investment policies (policies) which are in accordance with the laws of the State of Texas, where applicable. The policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments and certain investment practices.

The Act requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establish appropriate policies. Authorized investments include obligations of the United States or its agencies and instrumentalities (except for mortgage pass-through securities), repurchase agreements, municipal securities, public funds investment pools, SEC regulated money market mutual funds and collateralized or insured certificates of deposit. The City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

The investment policies require that repurchase agreements be made pursuant to a master agreement, the collateral is a U. S. Treasury bill, note or bond; the security is held in safekeeping by the City's custodial agent; and the investment is transacted "delivery vs. payment" so that the City's interest in the underlying security is perfected. The City does not invest in reverse repurchase agreements. No City monies were invested in repurchase agreements at September 30, 2021.

Investment Risk

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio to less than twelve months.

Credit risk – State law limits investments in commercial paper if the commercial paper is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state. The City's policy does not allow investments in commercial paper.

Concentration of credit risk – Investments shall be diversified to reduce the risk of loss resulting from over-concentration of investments in a specific maturity, a specific issue, or a specific class of securities.

APPENDIX B

EXCERPTS FROM THE
CITY OF GRAND PRAIRIE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2021

The information contained in this Appendix consists of excerpts from the City of Grand Prairie, Texas Annual Comprehensive Financial Report for the Year Ended September 30, 2021 (the "Report"), and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

The information contained in this Appendix is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the filing of this Appendix does not, under any circumstances, imply that there has been no change in the affairs of the City since the specified date as of which such information is provided. In particular, the dates as of and periods for which some of such information is provided occurred before the impact of the worldwide COVID-19 pandemic and the economic impact of measures instituted to slow it could be fully realized. Accordingly, the historical information set forth in this Appendix is not necessarily indicative of future results or performance due to these and other factors, including those discussed in the Official Statement.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

| | September 30, 2021 | Fair Value Measurements Using: | | | Weighted Average Maturity (Days) | Credit Risk |
|--|-----------------------|--|---|--|---|-------------|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | | |
| Cash | \$ 6,518,021 | \$ - | \$ - | \$ - | | |
| Investments measured at amortized cost: | | | | | | |
| Investment Pools: | | | | | | |
| TexPool | 80,230,288 | - | - | - | 1 | AAAm |
| Investments measured at net asset value (NAV): | | | | | | |
| Investment Pools: | | | | | | |
| TexStar | 37,691,695 | - | - | - | 1 | AAAm |
| Investments by fair value level: | | | | | | |
| U.S. government agency securities: | | | | | | |
| US Treasuries | 91,487,917 | - | 91,487,917 | - | 604 | AAA |
| Municipal bonds | 36,701,519 | - | 36,701,519 | - | 334 | AAA |
| FAMCA | 76,116,433 | - | 76,116,433 | - | 485 | Not Rated |
| FFCB | 52,067,938 | - | 52,067,938 | - | 391 | AAA |
| FHLB | 3,856,093 | - | 3,856,093 | - | 477 | AAA |
| FHLMC | 29,885,821 | - | 29,885,821 | - | 105 | AAA |
| FNMA | 58,486,298 | - | 58,486,298 | - | 405 | AAA |
| Total | \$ 473,042,023 | \$ - | \$ 348,602,019 | \$ - | | |

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The amounts for TexStar and TexPool (pooled investments) are reported as cash equivalents in the Statement of Net Position.

The TexPool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of sixty days or less and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities) and can meet reasonably foreseeable redemptions. The maturity of the City's position in this investment pool is based on the average maturity of the pool's investment. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

The TexStar investment pool is an external investment pool measured at NAV. TexStar's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. TexStar has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

U.S. Government Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Chapter 2257 Collateral for Public Funds of the Government Code requires that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The above book balance includes monies held in escrow, pushing the book balance above the collateral value. Per Wells Fargo Bank, N.A. and BNY Mellon's contractual obligation to the City, the collateral value held in the City's name at September 30, 2021 was \$9,620,797.

Grand Prairie Sports Facilities Development

At September 30, 2021, the carrying amount of the Sports Corporation's deposits included in cash and cash equivalents was \$109,090 while the bank balance of the Sports Corporation's deposits was \$110,460. The bank balance was entirely covered by collateral held by the Sports Corporation's agent in the Sports Corporation's name.

Grand Prairie Housing Finance Corporation

The bank balance of HFC at December 31, 2020, including restricted cash, totaled \$2,105,861 all of which was covered by FDIC insurance and collateral held by the depository institution in HFC's name. HFC's unrestricted cash and cash equivalents had a balance of \$653,769. Restricted cash of \$98,282 (tenant security deposits) represents cash held on deposit by HFC for insurance proceeds received for damages to federally funded assets. The liability is recorded until final disposition of the proceeds is requested by HUD. Other assets include reserves of \$142,857 and bonds held by a trustee of \$1,210,092 as a debt service reserve.

Grand Prairie Local Government Corporation

At September 30, 2021, the carrying amount and bank balance of the Local Government Corporation's deposits included in cash and cash equivalents was \$75,752. The bank balance was entirely covered by Federal Deposit Insurance Corporation (FDIC) Insurance through its financial institution.

Investments

The City and the Sports Corporation categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted for identical assets or liabilities in active markets that a government can access at the measurement date.)
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.



Independent Auditor's Report

To the Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of City of Grand Prairie, Texas (the City) as of and for the year ended September 30, 2021, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the component unit financial statements for the Grand Prairie Housing Finance Corporation (a discretely presented component unit). Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grand Prairie Housing Finance Corporation is based on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

The Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

Opinions

In our opinion based on our audit and the report 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budget to actual schedules for the General Fund and Section 8 Fund, Schedule of Changes in Postemployment Benefits-Retiree Health Plan, Schedule of Changes in Postemployment Benefits-Texas Municipal Retirement System, Schedule of Contributions-Texas Municipal Retirement System, and Schedule of Changes in Net Pension Liability and Related Ratios- Texas Municipal Retirement System listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Minimum Fund Balance Policy

It is the desire of the City to maintain an adequate fund balance in the General Fund in order to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial policy to maintain a minimum unassigned fund balance of 50 to 60 days of budgeted General Fund expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Restricted net position represents the difference between restricted assets and liabilities payable from these assets that is externally imposed by enabling legislation.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus deferred outflows from bond refundings, reduced by retainage payable and the outstanding balance of any debt used for acquisition, construction, or improvements of those assets, plus any unspent bond proceeds.

F. Budgetary Control

As set forth by the City Charter, the City Manager submits annual budgets to the City Council in August for the upcoming fiscal year. In September, the City Council adopts budgets for all governmental funds except for the Grants Fund, Police Seizure Funds, Public Improvement District Funds (PIDs), Tax Increment Financing District Funds (TIFs), and the Verizon Theatre Fund. For each governmental fund, budgeted appropriations (expenditures) may not exceed budgeted revenues plus beginning fund balances.

Capital project funds are controlled on a project basis and budgeted appropriations are carried forward each year until the project is completed.

Note 2. Detailed Notes

A. Deposits and Investments

Cash and Cash Equivalents

At September 30, 2021, the City reported cash and cash equivalents in the Statement of Net Position as follows:

| | Unrestricted | Restricted | Total |
|--|-----------------------|----------------------|-----------------------|
| Cash | \$ 3,559,999 | \$ 2,958,022 | \$ 6,518,021 |
| Pooled investments | 105,816,465 | 12,105,518 | 117,921,983 |
| Total cash and cash equivalents | \$ 109,376,464 | \$ 15,063,540 | \$ 124,440,004 |

Of this amount, the City's cash carrying amount (book) and bank balances were as follows:

| Financial Institution | Book Balance | Bank Balance |
|----------------------------|---------------------|----------------------|
| Wells Fargo and BNY Mellon | \$ 6,490,665 | \$ 10,021,979 |
| Petty Cash | 27,356 | - |
| Total cash | \$ 6,518,021 | \$ 10,021,979 |

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2021

Pensions

For purposes of measuring net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the Fiduciary Net Position of TMRS, and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. Complete details of the plan are listed in Note J.

Postemployment Benefits

The City provides postemployment healthcare benefits to all vested employees upon retirement from the City. Employees are vested in the City's pension plan with twenty-five years or more of service, regardless of age, or five years or more of service at age sixty and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in Note K.

Long-Term Debt

General obligation bonds and other debt issued for general government capital projects and acquisitions that are repaid from tax revenues are recorded in the governmental activities column in the government-wide Statement of Net Position. Debt issued to fund capital projects in the proprietary funds is recorded in both the business-type activities column in the government-wide Statement of Net Position and in the proprietary fund Statement of Net Position. Bond premiums and discounts, as well as deferred charges on refunded debt obligations, are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements and in the proprietary funds. Bonds payable are reported net of applicable bond premiums and discounts.

Nature and Purpose of Classifications of Fund Equity

Restricted fund balances in the governmental funds are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments for specific purposes.

Committed fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balances. To remove or change the constraint, the City Council must take the same level of action.

Assigned fund balances are determined by City management based on City Council direction, in accordance with financial policies adopted by resolution. Assigned fund balances are constrained by the intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned fund balance represents the amount that does not meet the criteria for restricted, committed, or assigned.

Nonspendable fund balances represent inventories and prepaid items.

The City considers expenditures to be made from the most restrictive classification when more than one classification is available.

The Honorable Mayor and
Members of City Council
City of Grand Prairie, Texas

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 29, 2022



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City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2021

- **Pension and OPEB investment experience** – the difference between projected and actual earnings of plan investments. The difference is deferred and recognized as pension plan expense over a closed five-year period as required by GASB No. 68 and 75.
- **Pension and OPEB assumption changes** – the difference resulting from a change in assumptions used to measure the underlying net pension and OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members as of the beginning of the measurement period.

Deferred inflows of resources represents an acquisition of net position that is applicable to a future reporting period, and as so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflow of resources are reported in the basic financial statements the same as deferred outflows of resources. The City has the following items that qualify for reporting in this category.

- **Unavailable revenue** – at the governmental fund level, property tax and ambulance receivables recorded but not expected to be collected within than sixty days after fiscal year end are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.
- **Pension and OPEB actuarial experience** – the difference between the expected and actual experience in the actuarial measurement of the total pension and OPEB liability not recognized in the current year. This amount is deferred and amortized over a period of years determined by the plan actuary. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension or OPEB through the plans (active and inactive employees) for the City determined at the beginning of the measurement date.
- **OPEB assumption changes** – the difference resulting from a change in assumptions used to measure the underlying net pension and OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members as of the beginning of the measurement period.
- **Pension investment experience** – the difference between projected and actual earnings of plan investments. The difference is deferred and recognized as pension plan expense over a closed five-year period as required by GASB No. 68.

Compensated Absences

Employees are granted vacation benefits in varying amounts, depending on tenure with the City. These benefits accumulate pro rata by pay period. Payment for unused vacation will be made upon separation of employment. Fire and police civil service employees who have completed their introductory period are paid up to 90 days sick leave upon separation of employment, excluding indefinite suspensions. The valuation of the civil service sick leave is at current pay rates. The valuation of accrued compensated absences includes salary-related payments such as the City's share of taxes and contributions to the retirement plan in accordance with GASB 16.

Accrued compensated absence liabilities are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements. Compensated absences are only reported in governmental funds if they are owed to separated employees at the end of the fiscal year.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Receivables and Payables

Major revenue sources susceptible to accrual are recorded as receivables when they become both measurable and available. Expenditures incurred during the current fiscal year but not yet paid are recorded as payables at fiscal year-end.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as due to/from other funds.

Inventories and Prepaid Items

Inventory consists primarily of supplies and material and is recorded at cost when purchased and expensed when consumed. For the General Fund, inventory is expensed on an actual specific-cost basis. Special Revenue and Enterprise Funds' inventory is charged out on a first-in, first-out basis, except for fuel inventory which is charged out on a moving-average basis. Prepaid balances are for payment made by the City in the current year to provide services occurring in the subsequent fiscal year. The cost of prepaid items is expensed when consumed rather than when purchased.

Accordingly, for both inventories and prepaid items, fund balance is classified as nonspendable for an amount equal to the cost to signify those funds are not available for spending.

Capital Assets and Depreciation

Capital assets (i.e. land, buildings, equipment, improvements other than buildings, infrastructure, and construction in progress) of all the funds are stated at historical cost or estimated historical cost if historical cost is not known. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value on the date donated. An item is classified as an asset if the initial, individual cost is \$5,000 or greater. Capital assets of the City are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Assets subject to depreciation are depreciated using the straight-line method.

The estimated useful lives of all depreciable assets are as follows:

| | |
|-----------------------------------|---------------|
| Buildings | 20 - 40 years |
| Machinery and Equipment | 5 - 15 years |
| Improvements other than Buildings | 20 - 40 years |
| Infrastructure | 20 - 40 years |

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net position by the City that is applicable to a future reporting period, and as so will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources are reported in the government-wide Statement of Net Position for governmental and business-type activities and in the Statement of Net Position in the fund financial statements only for proprietary funds. The City has the following items that qualify for reporting in this category.

- **Deferred charges on debt refunding** – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- **Pension and OPEB Employer contributions** – contributions made from the measurement date of the plans to the current fiscal year end (January to September). These contributions are deferred and recognized in the subsequent fiscal year.

Management's Discussion and Analysis



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City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

The City also reports *unavailable* and *unearned* revenues in its governmental funds. *Unavailable* revenues arise when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. *Unearned* revenues arise when the City receives revenue resources before it has legal claim to it, as when grant money is received prior to the incidence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resource, the revenue is recognized.

Proprietary Funds

As mentioned earlier, proprietary funds use the economic resources measurement focus and the accrual basis of accounting. The accounting objectives for proprietary funds are the determination of net income, financial position, and cash flows. Proprietary fund equity is segregated into (1) net investment in capital assets; (2) restricted net position, and (3) unrestricted net position. Proprietary funds distinguish operating revenues and expenses from the 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports two types of proprietary funds – enterprise funds and internal services funds.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is 1) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or 2) where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or operating income generated is appropriate for the purposes of capital maintenance, public policy, management control, and/or accountability. The City maintains five enterprise funds – water and wastewater services, solid waste services, storm water services, airport operations, and golf course operations. These enterprise funds are classified as business-type activities in both the government-wide and governmental fund financial statements.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department to other departments within the City, on a cost-reimbursement basis. The City has two internal service funds:

- **Fleet Services Fund** – accounts for a full range of services in managing and maintaining the City's fleet of vehicles and equipment.
- **Risk Management Fund** – accounts for premiums, deductibles and claims for the City's property, liability, workers compensation, and employee health and life insurance programs. The City reports all risk financing activities in the Risk Management Fund.

E. Assets, Liabilities, Deferred Outflows/Inflows Resources, and Net Position/Fund Balances

Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings are recorded in the General Fund unless it is required by regulations or agreements to allocate to certain funds. In fiscal year 2021, the funds receiving allocation of interest earnings were the Grants Fund, Epic 2 CIP Fund, and the Police Seizure Funds. For purposes of the statements of cash flows, the City considers cash on hand, demand deposits, and investments with original maturities of three months or less to be cash equivalents.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2021

At September 30, 2021, major enterprise funds include the following:

Water/Wastewater Fund

This fund accounts for water and wastewater system services provided for residents of the City, including administration, operations, maintenance, debt service, billing and collection. The City purchased treated water from surrounding cities, and water is pumped from City-owned wells. Although the City owns the wastewater collection system, it has no treatment facilities. Wastewater treatment is provided by the Trinity River Authority. Contracts relating to purchased water and wastewater treatment are discussed in Note 2M. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Solid Waste Fund

This fund accounts for the City's landfill, garbage/recycling collection service, brush and litter collection, street sweeping, illegal dumping cleanup, Keep Grand Prairie Beautiful, and auto-related business programs, as well as a number of special purpose transfers related to reserves for landfill closure, post-closure costs and environmental remediation. All costs are financed through charges to sanitation customers.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide financial statements and the fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position, and the operating statement presents increases (revenues) and decreases (expenses) in the net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when both *measurable* and *available*. *Measurable* means knowing, or being capable of calculating or estimating the amount to be received. *Available* means collectible within the current period or soon enough thereafter to pay current liabilities (generally sixty days). Also, under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded in the period when the related fund liability is incurred, except for general obligation bond principal and interest and expenditures related to compensated absences, which are recorded when due rather than when incurred.

Major revenue sources susceptible to accrual in the governmental funds include property taxes, sales taxes, franchise fees, charges for services, and intergovernmental revenues. Revenue is accrued when it is deemed available except for intergovernmental revenues.

Grant revenues are recognized not just when available, but when the qualifying expenditures have been incurred, and all other grant requirements have been met.

City of Grand Prairie, Texas

Management's Discussion and Analysis

For the Fiscal Year Ended September 30, 2021

(Unaudited)

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Grand Prairie, Texas (the City) for the fiscal year ended September 30, 2021. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal, the introductory section of the City's financial statement, and the accompanying notes.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2021 by \$724,434,431 (net position).
- The City's total net position increased \$39,994,412, for the fiscal year ended September 30, 2021, primarily due to an increase in charges for services, sales tax collections, franchise fee collections, and grant contributions.
- At September 30, 2021, the City's governmental funds reported combined ending fund balances of \$299,266,048. The \$46,567,628 unassigned fund balance in the General Fund represents 28.0% of total General Fund expenditures and transfers.
- The City's total long-term liabilities of \$695,774,540 increased by \$66,610,772 (10.6%) during the current fiscal year. In fiscal year 2021, net bonded debt increased by \$66,930,000, with the remaining liability comprised of pension and employee related obligations. See Table 4 in this report for further information regarding the City's long-term liabilities.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Government-wide financial statements – The government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to that of a private-sector business. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, including capital assets and long-term liabilities, and deferred inflows of resources. The differences between these items are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the city's financial position should be taken into consideration, such as the change in the City's property tax base and condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), in order to more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current year revenues and expenses.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2021
(Unaudited)

The Statement of Net Position and Statement of Activities divide the City's activities into two types:

Governmental Activities – Most of the City's basic services are reported here, including general government, public safety, planning, public works, transportation, housing, community development, cultural events, and library. Property taxes, sales taxes, and franchise fees provide the majority of financing for these activities.

Business-Type Activities – Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include a water and wastewater system, a solid waste sanitary landfill, a storm water utility system, municipal airport, and municipal golf courses.

The government-wide financial statements include not only the City itself (known as the primary government), but also the Grand Prairie Sports Facilities Development Corporation, Inc. (the Sports Corporation) and the Grand Prairie Housing Finance Corporation (HFC) as component units. Both are legally, financially, and administratively autonomous separate corporations. HFC issues tax exempt revenue bonds to supply mortgage financing for low income home buyers and multi-family developments, and engages in other affordable housing activities. The Sports Corporation oversees Lone Star Park at Grand Prairie, a horse track facility.

The Crime Control and Prevention District (CCPD) is a legally separate entity that is financially accountable to the City. A blended presentation has been used to report the financial information of this component unit. The CCPD is reported as the Crime Sales Tax Fund.

Fund financial statements – The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for the majority of the City's activities, which are essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The focus of the governmental funds financial statements is narrower than that of the government-wide financial statements. Therefore, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Fund Financial Statements

In addition to the government-wide financial statements, the City also reports separate financial statements for major functions or activities of the government. These financial statements are organized on the basis of funds with governmental resources allocated to and accounted for based upon the purposes for which they are spent and the means by which spending activities are controlled. Separate statements are presented for governmental activities and proprietary activities.

Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures/expenses, and fund balances. The fund financial statements present each major fund as a separate column, while all nonmajor funds are aggregated and presented in a single column. Major funds are calculated using specific methods outlined in GASB Statement No. 34, or City management may also deem funds as major for presentation purposes.

At September 30, 2021, major governmental funds include the following:

General Fund

The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs not paid through other funds are paid from the General Fund.

Section 8 Fund

This special revenue fund accounts for grant and contract revenue received from the federal government for providing housing assistance to low income families and for the administration of the program.

Street CIP Fund

This capital project fund accounts for the construction and renovation of thoroughfares and arterial streets and roads financed through general obligation bond proceeds and other dedicated sources.

Grants Fund

This special revenue fund accounts for the various federal, state and local grant revenue received by the City. All grants included in this fund are for specific projects with limited duration.

Debt Service Fund

The City's Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Epic 2 CIP Fund

This capital project fund accounts for the proceeds from sales tax revenue bonds, current lending/borrowing arrangements, and other dedicated sources to be used in the construction of The Epic.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2021

The GASB issued Statement No. 92, Omnibus 2020. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. This statement will become effective for the City in fiscal year 2022.

The GASB issued Statement No. 93, Replacement of Interbank Offered Rates. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. This statement will become effective for the City in fiscal year 2021/2022.

The GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This Statement modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This statement will become effective for the City in fiscal year 2022/immediately.

The GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of this standard changed the report name to the Annual Comprehensive Financial Report. The City implemented this standard in fiscal year 2021.

D. Basis of Presentation

Government-Wide Financial Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all activities of the City, including component units. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities which generally rely on fees and charges for support. Significant revenues generated from business-type activities include charges to customers for water and wastewater services, golf course fees, airport user charges, solid waste collection services, and storm water utility fees. As a general rule, the internal activity between governmental activities and business-type activities is eliminated from the government-wide financial statements except that charges for administrative overhead services provided by the governmental activities to the business-type activities are included as revenues to the governmental activities and expenses to the business-type activities.

The Statement of Activities reports the change in the City's net position from October 1, 2020 to September 30, 2021. This statement demonstrates the degree to which the direct expenses of a given function of the government are offset by program revenues. Specifically, the City has identified the following functions of government – support services, public safety services, recreation and leisure services, development services, water and wastewater services, solid waste services, storm water services, airport operations, and golf course operations. *Direct expenses* are those that are clearly identifiable with a specific function of City government. *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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as *general revenues* in the statement of activities.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued

For the Fiscal Year Ended September 30, 2021

(Unaudited)

The City reports thirty one individual governmental funds. Information is presented separately in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures and Changes in Fund Balances for the City's six major funds - General Fund, Section 8 Fund, Streets CIP Fund, Grants Fund, Debt Service Fund, and the Epic 2 CIP Fund. Data for other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds – The City maintains two different types of proprietary funds – enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities of the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater system, solid waste sanitary landfill, storm water utility, municipal airport, and municipal golf courses. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City has five enterprise funds of which two are major enterprise funds – the Water Wastewater Fund and the Solid Waste Fund. Data from other nonmajor enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for vehicle and equipment maintenance and the premiums, deductibles, and claims for all insurance programs (e.g. employee health, workers compensation, general liability, etc.). Because these services benefit both governmental and business-type functions, they have been allocated to both activities in the government-wide financial statements in proportion to services received. The City's two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the City's internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2021
 (Unaudited)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets of the City at September 30, 2021 were \$1,488,179,969, deferred outflows of resources were \$23,536,997, total liabilities were \$765,037,939, and deferred inflows of resources were \$22,244,596 resulting in a net position of \$724,434,431.

The largest portion of the City's net position, \$563,649,296 (77.9%), reflects its investment in capital assets (land, buildings and improvements, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 below is a summary of the City's net position at year end compared to the prior year.

**Table 1
 Net Position**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | 9/30/2020 | 9/30/2021 | 9/30/2020 | 9/30/2021 | 9/30/2020 | 9/30/2021 |
| Cash and investments | \$ 259,942,938 | \$ 353,890,603 | \$ 114,953,733 | \$ 119,151,420 | \$ 374,896,671 | \$ 473,042,023 |
| Other assets | 26,581,255 | 17,721,010 | 12,403,270 | 17,806,415 | 38,984,525 | 35,527,425 |
| Capital assets, net | 703,895,868 | 727,302,684 | 245,007,090 | 252,307,837 | 948,902,958 | 979,610,521 |
| Total assets | 990,420,061 | 1,098,914,297 | 372,364,093 | 389,265,672 | 1,362,784,154 | 1,488,179,969 |
| Deferred outflows of resources | 21,526,904 | 20,659,107 | 2,309,822 | 2,877,890 | 23,836,726 | 23,536,997 |
| Current liabilities | 36,937,593 | 55,012,967 | 13,475,698 | 14,250,432 | 50,413,291 | 69,263,399 |
| Long-term bonded debt | 416,024,621 | 489,358,630 | 51,248,478 | 45,686,745 | 467,273,099 | 535,045,375 |
| Other noncurrent liabilities | 142,026,244 | 138,667,073 | 19,864,425 | 22,042,092 | 161,890,669 | 160,729,165 |
| Total liabilities | 594,988,458 | 683,058,670 | 84,588,601 | 81,979,269 | 679,577,059 | 765,037,939 |
| Deferred inflows of resources | 20,878,302 | 20,013,816 | 1,725,500 | 2,230,780 | 22,603,802 | 22,244,596 |
| Net Position | | | | | | |
| Net Investment in capital assets | 336,590,522 | 356,640,773 | 193,394,660 | 207,008,523 | 529,985,182 | 563,649,296 |
| Restricted | 58,788,228 | 76,342,878 | 61,272,475 | 88,209,339 | 120,060,703 | 164,552,217 |
| Unrestricted | 701,455 | (16,482,733) | 33,692,679 | 12,715,651 | 34,394,134 | (3,767,082) |
| Total net position | \$ 396,080,205 | \$ 416,500,918 | \$ 288,359,814 | \$ 307,933,513 | \$ 684,440,019 | \$ 724,434,431 |

A portion of the City's net position totaling \$164,552,217, or 22.8%, represents resources that are subject to external restrictions on how they may be used.

The City's net position increased by \$39,994,412 from the prior fiscal year due to an increase in charges for services, sales tax collections, franchise fee collections, and grant contributions. Overall water and wastewater rates increased approximately 4%.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
 September 30, 2021

Grand Prairie Local Government Corporation

The Grand Prairie Local Government Corporation (LGC) was organized for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City by promoting economic development. The LGC's operations are to acquire, develop, or redevelop real property within the City. While the entity is legally, financially and administratively autonomous, the governing body of the City of Grand Prairie may, at its sole discretion, and at any time, amend LGC's Articles of Incorporation, and alter or change its structure, programs or activities, or terminate or dissolve it. Additionally, members of the Board of Directors are appointed by and may be removed by the City Council. However, the City is not financially obligated for any debt of the LGC. For these reasons, the LGC is presented as part of the City's reporting entity as a discretely presented component unit.

Related Autonomous Entities

Grand Prairie Health Facilities Development Authority

The Grand Prairie Health Facilities Development Authority (HFDA) was created to issue tax-exempt revenue bonds to finance medical facilities. While the HFDA's revenue bonds were defeased, the HFDA continues to exist only to make decisions from time to time regarding the defeased bonds. The City exercises no control over the HFDA or its budget.

Grand Prairie Industrial Development Authority

The Grand Prairie Industrial Development Authority (GPIDA) was created to issue tax-exempt industrial revenue bonds to assist in the City's economic development and to evaluate tax abatement applications. The City exercises no control over the GPIDA's management, budget or operations.

C. Implementation of New Accounting Pronouncements

The GASB pronouncements effective for fiscal year 2021 and 2022 are listed as follows:

The GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to provide guidance to enhance the consistency and comparability of fiduciary activity reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. This standard became effective for the City in fiscal year 2021 but it had no impact on the City.

The GASB issued Statement No. 87, Leases. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract, and will be effective for the fiscal year ending September 30, 2022. The City is determining the impact of this statement.

The GASB issues Statement No. 90, Majority Equity Interests – an Amendment to GASB Statements No. 14 and No. 61. The primary objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. This standard became effective for the City in fiscal year 2021 but it has no impact on the City.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

Discretely Presented Component Units

Grand Prairie Sports Facilities Development Corporation

The Sports Corporation was incorporated on June 10, 1992, under the provisions of the Development Corporation Act of 1979, as amended, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended (Act) by Resolution No. 2841 of the Grand Prairie City Council. The purpose of the Sports Corporation is to promote economic development within the City in order to reduce unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing and financing projects authorized under the Act.

The Act provides that the City may levy a one-half cent sales and use tax for the benefit of the Sports Corporation if the tax is authorized by a majority of the qualified voters in an election. On January 18, 1992, a majority of the voters approved a proposition to levy and collect an additional one-half cent sales and use tax for the purpose of constructing a horse racetrack. The one-half cent sales and use tax increase became effective April 1, 1993 to cover the costs of the project or the principal, interest and other costs relating to any bonds or obligations issued to pay the costs of the project or to refund bonds or obligations issued to pay the costs of the project. All bonds were redeemed on September 15, 2007. The sales tax was discontinued on September 30, 2007.

The City continues to receive significant financial benefits from the Sports Corporation as excess earnings of the Sports Corporation are paid to the City; and, if dissolved, all assets of the Sports Corporation become the City's property. Although the Sports Corporation is a legally separate entity, the City has the ability to impose its will upon the Sports Corporation as its Board of Directors are all appointed by the City Council, and four of the seven-member board are actual City Council members. For this reason, the Sports Corporation is presented as part of the City's reporting entity as a discretely presented component unit. Discretely presented component units are presented in a separate column alongside the City's financial information.

Grand Prairie Housing Finance Corporation

The Grand Prairie Housing Finance Corporation (HFC) was created to issue tax-exempt revenue bonds to supply mortgage financing for low income home buyers and multi-family development. While the entity is legally, financially and administratively autonomous, the governing body of the City of Grand Prairie may, at its sole discretion, and at any time, amend HFC's Articles of Incorporation, and alter or change its structure, programs or activities, or terminate or dissolve it. Additionally, members of the Board of Directors are appointed by and may be removed by the City Council. However, the City is not financially obligated for any debt of the HFC. For these reasons, the HFC is presented as part of the City's reporting entity as a discretely presented component unit.

The HFC's financial information, for its calendar year ended December 31, 2020, is included in the City's financial statements in a separate column alongside the City's. Separate audited financial statements may be obtained by writing Grand Prairie Housing Finance Corporation, Attn: Executive Director, P. O. Box 532758, Grand Prairie, Texas 75053-2758.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2021
(Unaudited)

The fiscal year 2021 compared to fiscal 2020 changes in the City's net position were as follows:

**Table 2
Changes in Net Position**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | 9/30/2020 | 9/30/2021 | 9/30/2020 | 9/30/2021 | 9/30/2020 | 9/30/2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 43,289,739 | \$ 50,828,628 | \$ 106,798,492 | \$ 110,402,425 | \$ 150,088,231 | \$ 161,231,053 |
| Operating grants and contributions | 63,784,399 | 45,398,240 | 96,306 | - | 63,880,705 | 45,398,240 |
| Capitol grants and contributions | 417,050 | 6,974,967 | 10,069,185 | 15,545,712 | 10,486,235 | 22,520,679 |
| General revenues: | | | | | | |
| Property tax | 116,020,990 | 113,824,809 | - | - | 116,020,990 | 113,824,809 |
| Sales tax | 70,808,392 | 80,187,852 | - | - | 70,808,392 | 80,187,852 |
| Other tax | 1,794,491 | 2,366,924 | - | - | 1,794,491 | 2,366,924 |
| Franchise fees | 13,903,806 | 14,022,362 | - | - | 13,903,806 | 14,022,362 |
| Investment income | 7,952,664 | 333,285 | 25,770 | 1,116 | 7,978,434 | 334,401 |
| Total revenues | 317,971,531 | 313,937,067 | 116,989,753 | 125,949,253 | 434,961,284 | 439,886,320 |
| Expenses: | | | | | | |
| Support services | 31,310,741 | 31,880,593 | - | - | 31,310,741 | 31,880,593 |
| Public safety services | 113,728,877 | 105,285,879 | - | - | 113,728,877 | 105,285,879 |
| Recreation and leisure services | 32,949,455 | 35,162,022 | - | - | 32,949,455 | 35,162,022 |
| Development services | 110,126,929 | 109,073,042 | - | - | 110,126,929 | 109,073,042 |
| Interest on long-term debt | 12,689,169 | 14,004,156 | - | - | 12,689,169 | 14,004,156 |
| Water and wastewater | - | - | 73,211,370 | 81,889,959 | 73,211,370 | 81,889,959 |
| Solid waste | - | - | 13,044,195 | 13,906,365 | 13,044,195 | 13,906,365 |
| Municipal airport | - | - | 2,529,664 | 2,974,666 | 2,529,664 | 2,974,666 |
| Municipal golf course | - | - | 3,452,349 | 3,141,846 | 3,452,349 | 3,141,846 |
| Storm water | - | - | 2,497,132 | 2,573,380 | 2,497,132 | 2,573,380 |
| Total expenses | 300,805,171 | 295,405,692 | 94,734,710 | 104,486,216 | 395,539,881 | 399,891,908 |
| Increases (decreases) in net position before transfers | 17,166,360 | 18,531,375 | 22,255,043 | 21,463,037 | 39,421,403 | 39,994,412 |
| Transfers | 4,830,999 | 1,889,338 | (4,830,999) | (1,889,338) | - | - |
| Change in net position | 21,997,359 | 20,420,713 | 17,424,044 | 19,573,699 | 39,421,403 | 39,994,412 |
| Net position - beginning of year | 374,082,846 | 396,080,205 | 270,935,770 | 288,359,814 | 645,018,616 | 684,440,019 |
| Net position - end of year | \$ 396,080,205 | \$ 416,500,918 | \$ 288,359,814 | \$ 307,933,513 | \$ 684,440,019 | \$ 724,434,431 |

Governmental activities – Governmental activities increased the City's net position by \$20,420,713 in comparison with beginning net position, primarily due to an increase in sales tax collections, and additional federal funding received. Net position of governmental operations accounts for 57.5% of total net position.

Business-type activities – Business-type activities increased the City's net position by \$19,573,699 in comparison with beginning net position. Overall operating revenues and expenses increased proportionately. Net position for business-type activities represents 42.5% of total primary government net position.

City of Grand Prairie, Texas

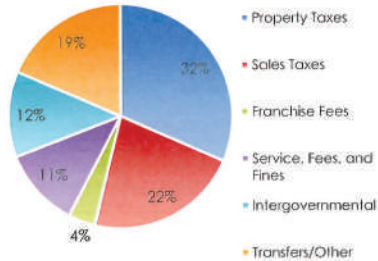
Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2021
 (Unaudited)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

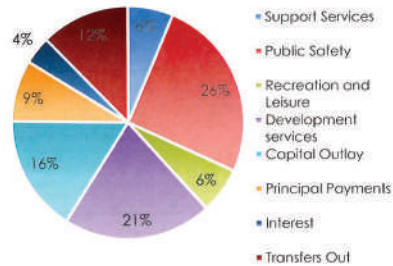
Governmental funds – The focus of City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At fiscal year-end 2021, the City's governmental funds (excluding internal service funds) reported combined ending fund balances of \$299,266,048, an increase of \$65,150,938 in comparison with the prior year. The unassigned fund balance portion is 15.6% and is available for spending at the government's discretion. The remainder is restricted for specific purposes and is not available for new spending. Specific purposes include non-spendable inventories and prepaid items (\$491,473); amounts restricted by bond covenants or granting agencies (\$189,073,380) either for debt service payments, grant-related use, special taxing districts, or for capital projects. In addition, committed funds (\$60,721,090) require formal action by City Council. Finally, funds may be assigned (\$2,412,477) by City Manager with the City Council's delegated authority. Figures 1 and 2 that follow show the distribution of governmental funds' sources of revenues and expenditures including transfers, \$380,450,358 and \$445,103,070, respectively, for fiscal year 2021.

**Figure 1
 Revenue Sources
 Governmental Funds**



**Figure 2
 Expenditures
 Governmental Funds**



The General Fund is the chief operating fund of the City. At fiscal year-end, unassigned fund balance of the General Fund was \$46,567,628, while total fund balance was \$50,006,374. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34.9% of total general fund operating expenditures, while total fund balance represents 37.5% of that same amount. General Fund's fund balance decreased in the amount of \$10,642,056 from the prior fiscal year largely due to \$10.7M in CARES funding received from the counties of Dallas and Tarrant.

Other major funds with significant changes in fund balance include Streets CIP, Grants, Debt Service and Epic 2 CIP.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
 September 30, 2021

Note 1. Summary of Significant Accounting Policies

A. Introduction

The City of Grand Prairie (City) is one of the Mid-Cities in the Dallas-Fort Worth Metroplex, 12 miles west of downtown Dallas, 18 miles east of downtown Fort Worth and six miles south of DFW International Airport. The City was incorporated in 1909, and adopted the Council-Manager form of government in 1948.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants as published in Audits of State and Local Governments.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate entities as component units within the City's reporting entity are set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Based on this criterion, the City reports the following component units as part of the financial reporting entity:

Blended Component Units

Grand Prairie Crime Control and Prevention District

The City of Grand Prairie Crime Control and Prevention District (CCPD) was created in May 2007 under the provisions of the Crime Control and Prevention Act and authority of Chapter 363, Texas Local Government Code, as amended (Act) by Resolution No. 2007-02 of the Grand Prairie City Council. The purpose of the CCPD is to provide crime control and crime prevention strategies, specific treatment and prevention programs, and court and prosecution services including the cost of personnel, administration, expansion, enhancement, and capital expenditures, and any other programs as authorized by Chapter 363.

Under the authority of the Act, the voters of Grand Prairie approved a proposition to levy and collect an additional quarter-cent sales and use tax for the purpose of funding the CCPD which became effective October 1, 2007. In 2020, citizens voted to continue/renew the quarter-cent sales and use tax for this same purpose.

The CCPD's governing body is substantively the same as the governing body of the City as the seven members of the CCPD's Board of Directors are all City council members. The City has operational responsibility for the CCPD, and the CCPD provides all of its services to the City. If the District is dissolved, its assets will become the City's property. For these reasons, the CCPD is reported as a blended component unit of the City and is reported as a special revenue fund within the City's governmental activities. This special revenue fund was established specifically to account for the accumulation and use of the quarter-cent sales tax revenue collected for the CCPD.



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City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
For the Fiscal Year Ended September 30, 2021
(Unaudited)

The Streets CIP Fund decreased by \$2,359,295 due to an increase in street construction projects.

The Grants Fund increased by \$6,726,875 due primarily to transfers into the Grants Fund to pay the City's portion of federal and state funded projects.

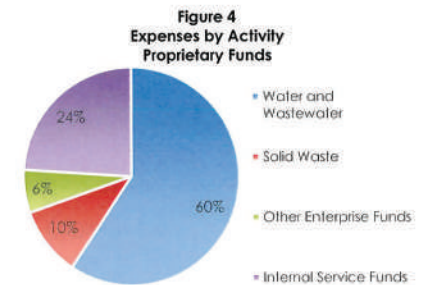
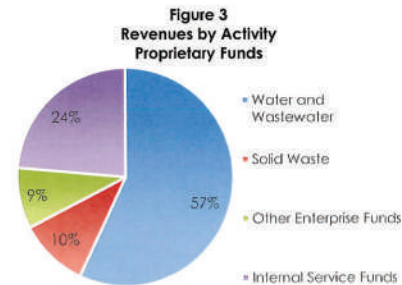
The Debt Service Fund increased by \$1,298,339 due to property tax assessments netted against debt payments.

The Epic 2 CIP Fund decreased by \$37,693,951 due to a transfer to the Tax Increment Financing CIP Fund.

The Nonmajor Capital Projects Funds had a collective increase in fund balance of \$105,130,445 primarily due to bond proceeds for the EPIC project.

Proprietary funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The net position of the City's enterprise funds and internal service funds were \$304,885,990 and \$19,953,406 respectively, at September 30, 2021. The enterprise funds' net investment in capital assets represented 67.9% of total enterprise fund's net position. The internal service funds' net investment in capital assets represented 8.5% of total internal service funds' net position. The enterprise funds' unrestricted net position was 3.2% of their total net position, and internal service funds' unrestricted net position was 91.5% of their total funds' net position. The City's enterprise funds and the internal service funds reported income before contributions and transfers of \$5,798,504 and \$1,306,189, respectively. Other factors concerning the finances of the proprietary funds have already been addressed in the discussion of the government-wide financial statements and business-type activities. The following Figures 3 and 4 show the proprietary funds' revenues of \$144,550,515 and expenses of \$136,623,505 (excluding non-operating revenues and expenses, and contributions and transfers) by activity.



City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2021
 (Unaudited)

General Fund Budgetary Highlights

Actual General Fund revenues were \$7,851,589, or 5.4%, higher than final budgeted revenues for fiscal year 2021. Property taxes, sales taxes, and franchise fees were 83.6% of General Fund budgeted revenues. Actual General Fund expenditures were \$3,543,778, or 2.6%, lower than final budgeted expenditures for fiscal year 2021. Budgeted excess of revenues over expenditures before other financing sources and uses was \$9,286,713 compared to actual of \$20,682,080, resulting in a net positive budget variance of \$11,395,367. The City traditionally budgets revenue conservatively and this practice frequently results in positive budgetary variances.

Net change in fund balances of the General Fund, including other financing sources and uses such as transfers, resulted in a net positive budget variance of \$12,020,066.

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities at fiscal year-end amounted to \$979,610,521. This investment includes land, buildings, improvements other than buildings (includes infrastructure), machinery and equipment, and construction in progress. The City's capital assets increased from prior year by \$30,707,566.

Major capital projects occurring during the fiscal year included the following:

- Continued ambulance and engine replacement
- Construction of Phase II, III and IV of the Municipal Complex
- Continued street rehabilitation
- Continued street assessment implementation
- Continued sidewalk construction
- Continued improvements to the water distribution and sewer system
- EPIC Central construction project

The City's capital assets, net of accumulated depreciation, at fiscal year-end was as follows:

**Table 3
 Capital Assets**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | 9/30/2020 | 9/30/2021 | 9/30/2020 | 9/30/2021 | 9/30/2020 | 9/30/2021 |
| Land | \$ 47,157,907 | \$ 55,166,552 | \$ 5,105,222 | \$ 5,123,353 | \$ 52,263,129 | \$ 60,289,905 |
| Construction in progress | 180,158,846 | 91,876,079 | 34,107,743 | 34,514,261 | 214,266,589 | 126,390,340 |
| Depreciable capital assets | 1,032,253,541 | 1,158,411,197 | 449,698,086 | 472,139,576 | 1,481,951,627 | 1,630,550,773 |
| Accumulated depreciation | (555,674,426) | (578,151,144) | (243,903,961) | (259,469,353) | (799,578,387) | (837,620,497) |
| Total capital assets, net | \$ 703,895,868 | \$ 727,302,684 | \$ 245,007,090 | \$ 252,307,837 | \$ 948,902,958 | \$ 979,610,521 |

Additional information regarding capital assets can be found in Note 2.D.

Notes to the Basic Financial Statements



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City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2021
 (Unaudited)

Long-term debt – At September 30, 2021, the City had the following long-term liabilities:

**Table 4
 Long-Term Debt**

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|-------------------------|-----------------------|--------------------------|----------------------|--------------------------|-----------------------|
| | 9/30/2020 | 9/30/2021 | 9/30/2020 | 9/30/2021 | 9/30/2020 | 9/30/2021 |
| Bonded debt | \$ 416,024,620 | \$ 489,358,630 | \$ 51,248,478 | \$ 45,686,745 | \$ 467,273,098 | \$ 535,045,375 |
| Compensated absences | 21,064,457 | 21,087,037 | 469,411 | 623,744 | 21,533,868 | 21,710,781 |
| Other post employment benefits | 60,687,581 | 64,258,793 | 6,275,983 | 6,685,833 | 66,963,564 | 70,944,626 |
| Net pension liability | 59,113,940 | 49,226,664 | 4,470,085 | 5,649,497 | 63,584,025 | 54,876,161 |
| Pollution liability | 20,900 | 27,350 | - | - | 20,900 | 27,350 |
| Closure and post closure liability | - | - | 8,648,946 | 9,083,018 | 8,648,946 | 9,083,018 |
| Other liabilities | 1,139,367 | 4,087,229 | - | - | 1,139,367 | 4,087,229 |
| Total long-term debt | \$ 558,050,865 | \$ 628,045,703 | \$ 71,112,903 | \$ 67,728,837 | \$ 629,163,768 | \$ 695,774,540 |
| Long-term debt to net position percentage | 141% | 151% | 25% | 22% | 92% | 96% |

Of the total bonded debt, \$489,358,630 or 91.5% is backed by the full faith and credit of the City with a property tax pledge.

In February 2021, the City issued \$23,215,000 in Combination Tax and Revenue Certificates of Obligation, Series 2021. The Certificates were issued for the purpose of paying contractual obligations to be (i) acquiring, constructing, improving and equipping fire-fighting facilities and library facilities, (ii) constructing, improving and equipping existing municipal facilities, (iii) constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor and (iv) professional services rendered in connection therewith.

In June 2021, the City issued \$66,945,000 in General Obligation Bonds, Series 2021, and \$16,935,000 in Combination Tax and Revenue Certificates of Obligation, Series 2021A. The bonds were issued for the purpose of paying contractual obligations to be incurred for constructing street improvements, including drainage, landscaping, curbs, gutters, sidewalks, entryways, pedestrian pathways, signage, traffic signalization and street noise abatement incidental thereto, and for the acquisition of land and rights-of-way therefor within the reinvestment zone of the City known as the Tax Increment Financing Reinvestment Zone Number One (TIF # 1).

During this fiscal year, the City retired principal on outstanding bonded debt totaling \$40,260,000. The City's total interest expense for all bonded debt was \$17,197,315.

Additional information is detailed in the Note 2.H to the Basic Financial Statements.

The City's bond ratings by Fitch and Standard & Poor's are currently as follows:

| | Fitch | Standard & Poor's |
|--------------------------------------|-------|-------------------|
| General obligation bonds | AA+ | AAA |
| Sales tax revenue bonds (taxable) | AA | AA- |
| Sales tax revenue bonds (tax-exempt) | AA+ | AA- |
| Water and wastewater revenue bonds | AAA | AAA |

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued
 For the Fiscal Year Ended September 30, 2021
 (Unaudited)

Economic Factors and Next Year's Budget and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2022 budget including tax rates and fees that will be charged for business-type activities. One of the biggest factors continued to be the national economy and uncertainty caused by the pandemic. Building and development growth rates continue to increase overall; and indicate healthy activities in the residential sector and commercial type permitting. Although the City is largely built out and mature, there are still several areas available, mainly in the south sector with higher end residential areas along Joe Pool Lake. In addition, there is a leveling of multi-family developments, but a major increase in retail construction, in large part due to toll road 161 and emerging destination facilities, such as Epic and Epic Waters.

The City population as of September 2021 was 200,640 which is a 2.8% increase over prior year. Residential expansions continue in the south and new manufacturing and distribution companies continue to add growth to the City's economy. Even more growth is expected as a result of continued development and mobility through the City. Roadway improvements, like widening of Camp Wisdom, Great Southwest Parkway and I-30 frontage roads from SH 161 to McArthur continue to make additional demands on the City for increased services. Our diverse economy, the overall DFW metroplex economy and major transportation access all serve to create a synergy.

The following indicators were taken into account when adopting the budget for fiscal year 2022:

- 8.89% increase in assessed property values;
- A 0.70% increase in sales tax collections over the prior year projected due to the continued effects of the pandemic.

General Fund property tax revenues increased \$5,388,394 or 7.05%. The approved property tax rate decreased by a half cent from .669998 to .664998. Other budgeted revenue sources include an increase in the TIF Reimbursement, an increase in sales tax of \$4,511,646, an increase in licenses and permits of \$466,360, and a decrease in Municipal Court fees of (\$438,004).

Budgeted sales tax across all funds is \$76,102,037, which is an increase over the year-end projections of \$75,541,058. This is mainly due to the ongoing pandemic and its unknown effect on the economy.

The City's total approved budget for FY 2021-22 is \$457,669,466, an increase of 5.1% as compared to the prior year-end projections. The General Fund approved budget is \$162,884,614. This represents a 3.6% increase over the prior year approved budget. The majority of this increase is related to an increase in personnel services, an increase in the transfer to the park venue fund and an increase in the reimbursements from other funds. The budget included a 3% Civil Service Step increase and a 3% non-civil services merit increase and un-freezing 10 positions previously frozen in the General Fund. Additionally, funding was set aside to expand the PlayGrand all abilities park.

| Net (Expense) Revenue and Changes in Net Position | | | |
|--|--|---|---------------|
| Component Units | | | |
| Grand Prairie Sports Facilities Development | Grand Prairie Housing Finance Corporation | Grand Prairie Local Government Corporation | Total |
| \$ - | \$ - | \$ 4,771,714 | 4,771,714 |
| - | - | 4,771,714 | 4,771,714 |
| (4,086,730) | - | - | (4,086,730) |
| - | (422,923) | - | (422,923) |
| (4,086,730) | (422,923) | - | (4,509,653) |
| \$ (4,086,730) | \$ (422,923) | \$ 4,771,714 | \$ 262,061 |
| 12,093 | 2,606 | - | 14,699 |
| 12,093 | 2,606 | - | 14,699 |
| (4,074,637) | (420,317) | 4,771,714 | 276,760 |
| 48,295,006 | (1,013,197) | - | 47,281,809 |
| \$ 44,220,369 | \$ (1,433,514) | \$ 4,771,714 | \$ 47,558,569 |

City of Grand Prairie, Texas

Statement of Activities

Discretely Presented Component Units

For the Year Ended September 30, 2021

| Functions/Activity | Expenses | Program Revenues | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Component Units | | | | |
| Governmental activities: | | | | |
| Grand Prairie Local Government Corporation | \$ 239,369 | \$ 10 | \$ 5,011,073 | \$ - |
| Total governmental activities | 239,369 | 10 | 5,011,073 | - |
| Business-type activities: | | | | |
| Grand Prairie Sports Facilities Development | 5,832,409 | 959,095 | - | 786,584 |
| Grand Prairie Housing Finance Corporation | 6,364,641 | 5,941,718 | - | - |
| Total business-type activities | 12,197,050 | 6,900,813 | - | 786,584 |
| Total Component Units | \$ 12,436,419 | \$ 6,900,823 | \$ 5,011,073 | \$ 786,584 |

General revenues:

Investment income

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued

For the Fiscal Year Ended September 30, 2021

(Unaudited)

The City's approved appropriations for capital projects in fiscal year 2022 totals \$60,360,502. Planned capital projects include:

- \$21,862,000 in water and wastewater projects
- \$19,090,830 in streets and signals projects
- \$3,396,000 in parks projects
- \$8,441,000 in storm drainage projects

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Controller, City of Grand Prairie, Texas, 326 W. Main Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.



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City of Grand Prairie, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2021

| | Business-Type Activities | | Governmental | Total |
|---|--|--|---|----------------------|
| | Grand Prairie Sports Facilities Development | Grand Prairie Housing Finance Corporation | Grand Prairie Local Government Corporation | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 9,128,407 | \$ 653,769 | \$ 75,752 | \$ 9,857,928 |
| Investments | 2,011,638 | - | - | 2,011,638 |
| Receivables, net | 1,255,332 | - | - | 1,255,332 |
| Prepays: | - | 41,079 | - | 41,079 |
| Cash and cash equivalents | - | 1,452,092 | - | 1,452,092 |
| Lease payments receivable | 7,457,016 | - | - | 7,457,016 |
| Estimated unguaranteed residual value | 24,369,870 | - | - | 24,369,870 |
| Capital assets: | | | | |
| Nondepreciable | - | 1,612,851 | 4,935,331 | 6,548,182 |
| Depreciable, net | - | 10,222,096 | - | 10,222,096 |
| Total assets | 44,222,263 | 13,981,887 | 5,011,083 | 63,215,233 |
| LIABILITIES | | | | |
| Accounts payable | 1,894 | 232,033 | - | 233,927 |
| Accrued liabilities | - | 257,300 | - | 257,300 |
| Current liabilities payable from restricted assets: | | | | |
| Customer deposits | - | 94,867 | - | 94,867 |
| Unearned revenue | - | 21,823 | - | 21,823 |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Environmental remediation obligation | - | - | 239,369 | 239,369 |
| Current portion of long-term debt | - | 360,885 | - | 360,885 |
| Due in more than one year: | | | | |
| Long-term debt | - | 14,448,493 | - | 14,448,493 |
| Total liabilities | 1,894 | 15,415,401 | 239,369 | 15,656,664 |
| NET POSITION | | | | |
| Net investment in capital assets | - | (1,644,382) | 4,935,331 | 3,290,949 |
| Restricted for: | | | | |
| Facility lease | 32,774,636 | - | - | 32,774,636 |
| Replacement reserve | - | 146,272 | - | 146,272 |
| Other specific purposes | - | - | (163,617) | (163,617) |
| Unrestricted | 11,445,733 | 64,596 | - | 11,510,329 |
| Total net position | \$ 44,220,369 | \$ (1,433,514) | \$ 4,771,714 | \$ 47,558,569 |

Basic Financial Statements

The Notes to the Basic Financial Statements are an integral part of this statement.



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City of Grand Prairie, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|---|---|---------------------|---------------------|----------------------|---------------------------|
| | Water Wastewater | Solid Waste | Other Nonmajor | Total | Internal Service Funds |
| Cash flows from operating activities: | | | | | |
| Cash receipts from customers | \$ 82,825,017 | \$ 14,795,734 | \$ 12,147,123 | \$ 109,767,874 | \$ - |
| Cash receipts from city and employee contributions | - | - | - | - | 27,738,041 |
| Cash receipts from interfund services provided | - | - | - | - | 6,315,426 |
| Cash receipts from other governments | - | - | 65,197 | 65,197 | - |
| Other operating cash receipts | 293,469 | 159,353 | 734,368 | 1,187,190 | 11,354 |
| Cash payments to suppliers for goods and services | (47,353,099) | (7,333,323) | (3,596,250) | (58,282,632) | (4,721,330) |
| Cash payments to employees for services | (9,689,850) | (3,342,717) | (2,854,604) | (15,887,171) | (1,786,571) |
| Cash payments for interfund services used | (7,000,000) | - | (344,068) | (7,344,068) | (24,925,047) |
| Other operating cash payments | (5,310,427) | (1,272,492) | (144,788) | (6,727,707) | - |
| Net cash provided by (used in) operating activities | 13,765,150 | 3,005,555 | 6,006,978 | 22,777,683 | 2,632,073 |
| Cash flows from noncapital financing activities: | | | | | |
| Transfers from other funds | 6,216,000 | - | 537,955 | 6,753,955 | 40,963 |
| Transfers to other funds | (1,911,485) | (358,084) | (6,373,724) | (8,643,293) | (261,040) |
| Contributions from other governments | 74,869 | - | - | 74,869 | - |
| Net cash provided by (used in) noncapital financing activities | 4,379,375 | (358,084) | (5,835,769) | (1,814,478) | (200,077) |
| Cash flows from capital and related financing activities: | | | | | |
| Capital impact fees from developers | 4,901,203 | - | - | 4,901,203 | - |
| Proceeds from disposition of capital assets | 266,290 | 194,063 | 26,358 | 486,711 | (21,556) |
| Acquisition and construction of capital assets | (12,974,838) | (2,418,448) | - | (15,393,286) | (75,435) |
| Principal paid on debt | (5,120,000) | - | (170,000) | (5,290,000) | - |
| Interest paid on debt | (1,388,654) | - | (31,830) | (1,420,484) | - |
| Other fiscal fees paid | (50,778) | - | - | (50,778) | - |
| Net cash provided by (used in) capital and related financing activities | (14,366,777) | (2,224,385) | (175,472) | (16,766,634) | (96,991) |
| Cash flows from investing activities: | | | | | |
| Interest received on investments | 1,116 | - | - | 1,116 | - |
| Net cash provided by (used in) investing activities | 1,116 | - | - | 1,116 | - |
| Net (decrease) increase in cash and equivalents | 3,778,864 | 423,086 | (4,263) | 4,197,687 | 2,335,005 |
| Cash and cash equivalents - beginning of year | 23,710,710 | 7,130,223 | 2,222,326 | 33,063,259 | 3,536,499 |
| Cash and cash equivalents - end of year | \$ 27,489,574 | \$ 7,553,309 | \$ 2,218,063 | \$ 37,260,946 | \$ 5,871,504 |
| Reconciliation of operating income (loss) from operations to net cash from operating activities: | | | | | |
| Operating income (loss) | \$ 1,319,645 | \$ 936,965 | \$ 4,342,655 | \$ 6,899,265 | \$ 1,327,745 |
| Adjustments to operating income (loss) to net cash from operating activities: | | | | | |
| Depreciation | 14,647,399 | 1,803,759 | 1,979,944 | 18,431,102 | 306,092 |
| Provisions for uncollectible accounts | - | (22,572) | - | (22,572) | - |
| Changes in assets and liabilities: | | | | | |
| (Increase) decrease in accounts receivable | 7,907 | 35,528 | (68,300) | (24,665) | - |
| (Increase) decrease in other receivables | (7,000,000) | - | - | (7,000,000) | (81,478) |
| (Increase) decrease in inventories and supplies | 12,253 | - | (13,156) | (903) | (42,322) |
| (Increase) decrease in prepaids | 1,764,016 | - | - | 1,764,016 | (83,069) |
| Increase (decrease) in accounts payable | 12,010 | (213,712) | (125,044) | (326,746) | 23,864 |
| Increase (decrease) in retainage payable | 411,004 | - | - | 411,004 | - |
| Increase (decrease) in accrued liabilities | 79,048 | 438,476 | (1,495) | 515,829 | 534,419 |
| Increase (decrease) in customer deposits | 661,401 | - | 2,872 | 664,273 | - |
| Increase (decrease) in unearned revenue | - | - | (10,941) | (10,941) | - |
| Increase (decrease) in compensated absences | 110,575 | 24,283 | 19,475 | 154,333 | 6,390 |
| Increase (decrease) in OPEB liability | 196,237 | 66,777 | 561,119 | 824,133 | 45,137 |
| Increase (decrease) in pension liability | 1,543,655 | (63,949) | (174,951) | 1,304,755 | 595,495 |
| Net cash provided by (used in) operating activities | \$ 13,765,150 | \$ 3,005,555 | \$ 6,006,978 | \$ 22,777,683 | \$ 2,632,073 |
| Noncash investing, capital and financing activities: | | | | | |
| Capital contributions from developers/granting agencies | \$ 7,532,418 | \$ - | \$ 3,112,091 | \$ 10,644,509 | \$ - |
| | \$ 7,532,418 | \$ - | \$ 3,112,091 | \$ 10,644,509 | \$ - |
| Reconciliation of ending cash and cash equivalents to Statement of Net Position: | | | | | |
| Unrestricted cash and cash equivalents - end of year | \$ 24,531,552 | \$ 7,553,309 | \$ 2,218,063 | \$ 34,302,924 | \$ 5,871,504 |
| Restricted cash and cash equivalents - end of year | 2,958,022 | - | - | 2,958,022 | - |
| Total cash and cash equivalents - end of year | \$ 27,489,574 | \$ 7,553,309 | \$ 2,218,063 | \$ 37,260,946 | \$ 5,871,504 |

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Revenues, Expenses,
And Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2021

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|--|---|----------------------|---------------------------|-----------------------|-----------------------------------|
| | Water Wastewater | Solid Waste | Nonmajor Enterprise Funds | Total | Activities Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Water sales | \$ 48,486,361 | \$ - | \$ - | \$ 48,486,361 | \$ - |
| Wastewater services | 30,735,699 | - | - | 30,735,699 | - |
| Water and wastewater fees | 2,103,858 | - | - | 2,103,858 | - |
| Wastewater surcharges | 829,791 | - | - | 829,791 | - |
| Solid waste fees | - | 14,782,778 | - | 14,782,778 | - |
| Charges for services | - | - | 12,212,551 | 12,212,551 | 6,314,435 |
| Intergovernmental revenue | - | - | 65,197 | 65,197 | - |
| Insurance premiums | - | - | - | - | 27,822,301 |
| Miscellaneous | 293,469 | 158,353 | 734,368 | 1,186,190 | 11,354 |
| Total operating revenue | 82,449,178 | 14,941,131 | 13,012,116 | 110,402,425 | 34,148,090 |
| OPERATING EXPENSES | | | | | |
| Salaries and benefits | 11,619,365 | 3,369,828 | 2,755,247 | 17,744,440 | 2,968,012 |
| Supplies and miscellaneous purchases | 1,043,367 | 526,952 | 1,126,672 | 2,696,991 | 2,633,593 |
| Purchased services | 6,254,924 | 6,487,672 | 1,953,140 | 14,695,736 | 1,290,892 |
| Insurance costs | - | - | - | - | 24,925,047 |
| Water purchases | 16,749,528 | - | - | 16,749,528 | - |
| Wastewater treatment | 20,926,676 | - | - | 20,926,676 | - |
| General and administrative costs | 4,577,847 | 543,463 | 144,788 | 5,266,098 | - |
| Franchise fees | 3,408,287 | 428,818 | 344,068 | 4,181,173 | - |
| Miscellaneous | 1,902,140 | 843,674 | 365,602 | 3,111,416 | 696,709 |
| Depreciation | 14,647,399 | 1,803,759 | 1,979,944 | 18,431,102 | 306,092 |
| Total operating expenses | 81,129,533 | 14,004,166 | 8,669,461 | 103,803,160 | 32,820,345 |
| Operating income | 1,319,645 | 936,965 | 4,342,655 | 6,599,265 | 1,327,745 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 1,116 | - | - | 1,116 | - |
| Gain (loss) on property disposition | 189,964 | 79,439 | (13,778) | 255,625 | (21,556) |
| Interest expense | (1,026,692) | - | (30,810) | (1,057,502) | - |
| Total nonoperating revenues (expenses) | (835,612) | 79,439 | (44,588) | (800,761) | (21,556) |
| Income before contributions and transfers | 484,033 | 1,016,404 | 4,298,067 | 5,798,504 | 1,306,189 |
| CONTRIBUTIONS AND TRANSFERS | | | | | |
| Capital contributions-impact fees | 4,901,203 | - | - | 4,901,203 | - |
| Capital contributions | 7,532,418 | - | 3,112,091 | 10,644,509 | - |
| Transfers in | 6,216,000 | - | 537,955 | 6,753,955 | 60,963 |
| Transfers out | (1,911,485) | (358,084) | (6,373,724) | (8,643,293) | (261,040) |
| Total contributions and transfers | 16,738,136 | (358,084) | (2,723,678) | 13,656,374 | (200,077) |
| Change in net position | 17,222,169 | 658,320 | 1,574,389 | 19,454,878 | 1,106,112 |
| Net position - beginning of year | 226,169,581 | 22,349,422 | 36,912,109 | 285,431,112 | 18,847,294 |
| Net position - end of year | \$ 243,391,750 | \$ 23,007,742 | \$ 38,486,498 | \$ 304,885,990 | \$ 19,953,406 |

Reconciliation to government-wide Statement of Activities:

| | |
|--|----------------------|
| Total change in net position | \$ 19,454,878 |
| Adjustments to reflect the consolidation of internal service fund activities related to Enterprise Funds | 118,821 |
| Change in net position of business-type activities | \$ 19,573,699 |

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Net Position
September 30, 2021

| ASSETS | Primary Government | | Component Units | |
|---|-------------------------|--------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Cash and cash equivalents | \$ 75,073,540 | \$ 34,302,924 | \$ 109,376,464 | \$ 9,857,928 |
| Investments | 123,429,866 | 17,692,027 | 141,121,893 | 2,011,638 |
| Receivables, net | 26,121,369 | 7,163,560 | 33,284,929 | 1,255,332 |
| Intergovernmental receivables | - | 524,716 | 524,716 | - |
| Inventories and supplies | 595,545 | 595,332 | 1,190,877 | - |
| Prepays | 526,903 | - | 526,903 | 41,079 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 12,105,518 | 2,958,022 | 15,063,540 | 1,452,092 |
| Investments | 143,281,679 | 64,198,447 | 207,480,126 | - |
| Internal balances | (10,047,523) | 10,047,523 | - | - |
| Lease payments receivable | - | - | - | 7,457,016 |
| Estimated unguaranteed residual value | - | - | - | 24,369,870 |
| Capital assets: | | | | |
| Nondepreciable | 147,042,631 | 39,637,614 | 186,680,245 | 6,548,182 |
| Depreciable, net | 580,260,053 | 212,670,223 | 792,930,276 | 10,222,096 |
| Total assets | 1,098,914,297 | 389,265,672 | 1,488,179,969 | 63,215,233 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refundings | 2,196,319 | 902,263 | 3,098,582 | - |
| Related to OPEB | 3,903,941 | 304,781 | 4,208,722 | - |
| Related to TMRSP pension | 14,588,847 | 1,670,846 | 16,259,693 | - |
| Total deferred outflows of resources | 20,659,107 | 2,877,890 | 23,536,997 | - |
| LIABILITIES | | | | |
| Accounts payable | 14,667,071 | 5,387,752 | 20,054,823 | 233,927 |
| Retainage payable | 1,555,104 | 514,832 | 2,069,936 | - |
| Accrued liabilities | 14,618,175 | 1,114,879 | 15,733,054 | 257,300 |
| Unearned revenue | 21,523,175 | 1,019,220 | 22,542,395 | 21,823 |
| Current liabilities payable from restricted assets: | | | | |
| Accrued interest | 2,603,842 | 270,975 | 2,874,817 | - |
| Customer deposits | 45,600 | 5,942,774 | 5,988,374 | 94,867 |
| Noncurrent liabilities: | | | | |
| Due within one year: | | | | |
| Compensated absences | 9,679,444 | 494,545 | 10,173,989 | - |
| Environmental remediation obligation | 27,350 | - | 27,350 | 239,369 |
| Other liabilities | 678,882 | - | 678,882 | - |
| Current portion of long-term debt | 36,685,000 | 5,470,000 | 42,155,000 | 360,885 |
| Due in more than one year: | | | | |
| Compensated absences | 11,407,593 | 129,199 | 11,536,792 | - |
| Other postemployment benefits | 64,258,793 | 6,685,833 | 70,944,626 | - |
| Closure and postclosure liability | - | 9,083,018 | 9,083,018 | - |
| Net pension liability | 49,226,664 | 5,649,497 | 54,876,161 | - |
| Other liabilities | 3,408,347 | - | 3,408,347 | - |
| Long-term debt | 452,673,630 | 40,216,745 | 492,890,375 | 14,448,493 |
| Total liabilities | 683,058,670 | 81,977,269 | 765,035,939 | 15,656,664 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to OPEB | 3,197,838 | 300,894 | 3,498,732 | - |
| Related to TMRSP pension | 16,815,978 | 1,929,886 | 18,745,864 | - |
| Total deferred inflows of resources | 20,013,816 | 2,230,780 | 22,244,596 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 356,640,773 | 207,008,523 | 563,649,296 | 3,290,949 |
| Restricted for: | | | | |
| Debt service | 2,112,567 | 5,607,337 | 7,719,904 | - |
| Capital projects | 2,460,072 | 82,602,002 | 85,062,074 | - |
| Support Services | 2,440,525 | - | 2,440,525 | - |
| Public safety | 8,739,775 | - | 8,739,775 | - |
| Recreation and leisure | 25,387,474 | - | 25,387,474 | - |
| Development services | 19,419,282 | - | 19,419,282 | - |
| Other specific purposes | 15,783,383 | - | 15,783,383 | (163,617) |
| Facility lease | - | - | - | 32,774,636 |
| Replacement reserve | - | - | - | 146,272 |
| Unrestricted | (16,482,733) | 12,715,613 | (3,767,082) | 11,510,329 |
| Total net position | \$ 416,500,918 | \$ 307,933,513 | \$ 724,434,431 | \$ 47,558,569 |

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Activities
For the Year Ended September 30, 2021

| Functions/Activity | Expenses | Program Revenues | | |
|--|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Support services | \$ 31,890,593 | \$ 6,341,600 | \$ 168,781 | \$ - |
| Public safety services | 105,285,879 | 11,816,379 | 4,302,600 | - |
| Recreation and leisure services | 35,162,022 | 13,532,065 | 465,655 | - |
| Development services and other | 109,073,042 | 19,138,584 | 40,461,204 | 6,974,967 |
| Interest on long-term debt | 14,004,156 | - | - | - |
| Total governmental activities | 295,405,692 | 50,828,628 | 45,398,240 | 6,974,967 |
| Business-type activities: | | | | |
| Water and wastewater | 81,889,959 | 82,449,178 | - | 12,433,621 |
| Solid waste | 13,906,365 | 14,941,131 | - | - |
| Municipal airport | 2,974,666 | 2,108,698 | - | - |
| Municipal golf course | 3,141,846 | 2,975,689 | - | - |
| Storm water | 2,573,380 | 7,927,729 | - | 3,112,091 |
| Total business-type activities | 104,486,216 | 110,402,425 | - | 15,545,712 |
| Total primary government | \$ 399,891,908 | \$ 161,231,053 | \$ 45,398,240 | \$ 22,520,679 |
| Component units: | | | | |
| Grand Prairie Sports Facilities Development | \$ 5,820,316 | \$ 959,095 | \$ - | \$ 786,584 |
| Grand Prairie Housing Finance Corporation | 6,364,641 | 5,941,718 | - | - |
| Grand Prairie Local Government Corporation | 239,369 | 10 | 5,011,073 | - |
| Total component units | \$ 12,424,326 | \$ 6,900,823 | \$ 5,011,073 | \$ 786,584 |
| General revenues: | | | | |
| Taxes | | | | |
| Property taxes | | | | |
| Sales taxes | | | | |
| Hotel/motel and other taxes | | | | |
| Franchise fees (and those based on gross receipts) | | | | |
| Investment income | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning of year | | | | |
| Net position - end of year | | | | |

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

| ASSETS | Business-Type Activities - Enterprise Funds | | | Governmental Activities Internal Service Funds |
|---|---|----------------------|---------------------------|--|
| | Water Wastewater | Solid Waste | Nonmajor Enterprise Funds | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 24,531,552 | \$ 7,553,309 | \$ 2,218,043 | \$ 34,302,924 |
| Investments | 3,900,000 | 11,924,536 | 1,847,491 | 17,692,027 |
| Accounts receivable, net | 5,847,418 | 570,853 | 745,289 | 7,163,560 |
| Due from other funds | 7,000,000 | - | - | 7,000,000 |
| Inventories and supplies | 514,753 | - | 80,579 | 595,332 |
| Prepays | - | - | - | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | 2,958,022 | - | - | 2,958,022 |
| Investments | 64,120,119 | - | 78,328 | 64,198,447 |
| Total current assets | 108,871,864 | 20,048,698 | 4,989,750 | 133,910,312 |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land | 2,397,138 | 1,766,508 | 759,707 | 5,123,353 |
| Buildings | 2,673,677 | 1,996,417 | 16,871,862 | 21,541,956 |
| Equipment | 14,719,561 | 12,575,778 | 2,307,556 | 29,602,895 |
| Infrastructure | 360,091,615 | 12,092,665 | 48,909,450 | 420,994,725 |
| Construction in progress | 32,966,015 | 1,251,059 | 297,187 | 34,514,261 |
| Less: accumulated depreciation | (213,251,250) | (14,114,774) | (32,103,329) | (259,469,353) |
| Total noncurrent assets | 199,706,756 | 15,567,648 | 37,033,433 | 252,307,831 |
| Total assets | 308,578,620 | 35,616,346 | 42,023,183 | 386,218,149 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Debt refundings | 902,263 | - | - | 902,263 |
| Related to OPEB | 143,641 | 82,842 | 78,278 | 304,761 |
| Related to TERS pension | 1,027,422 | 349,614 | 293,810 | 1,670,846 |
| Total deferred outflows of resources | 2,073,346 | 432,456 | 372,088 | 2,877,890 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 4,654,637 | 534,777 | 188,338 | 5,367,752 |
| Retainage payable | 514,832 | - | - | 514,832 |
| Accrued interest | 267,506 | - | 3,449 | 270,955 |
| Accrued liabilities | 723,208 | 261,845 | 129,306 | 1,114,859 |
| Compensated absences | 315,959 | 88,497 | 90,089 | 494,545 |
| Unearned revenue | 905,606 | - | 113,614 | 1,019,220 |
| Current portion of long-term debt | 5,295,000 | - | 175,000 | 5,470,000 |
| Current liabilities payable from restricted assets: | | | | |
| Customer deposits | 5,864,446 | - | 78,328 | 5,942,774 |
| Total current liabilities | 18,551,514 | 885,119 | 778,344 | 20,214,977 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 79,274 | 22,204 | 27,721 | 129,199 |
| Other postemployment benefits | 3,963,589 | 1,398,333 | 1,323,911 | 6,685,833 |
| Closure and postclosure liability | - | 9,083,018 | - | 9,083,018 |
| Net pension liability | 3,473,939 | 1,182,122 | 993,436 | 5,649,497 |
| Long-term debt | 39,836,745 | - | 380,000 | 40,216,745 |
| Total noncurrent liabilities | 47,353,547 | 11,685,677 | 2,725,048 | 61,764,292 |
| Total liabilities | 65,905,061 | 12,570,796 | 3,503,412 | 81,979,269 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Related to OPEB | 168,447 | 64,447 | 64,000 | 300,894 |
| Related to TERS pension | 1,186,708 | 403,817 | 339,361 | 1,929,886 |
| Total deferred inflows of resources | 1,355,155 | 470,264 | 403,361 | 2,230,780 |
| NET POSITION | | | | |
| Net investment in capital assets | 154,962,442 | 15,567,648 | 36,478,433 | 207,008,523 |
| Restricted for: | | | | |
| Debt service | 5,607,337 | - | - | 5,607,337 |
| Capital projects | 79,946,580 | 2,655,422 | - | 82,602,002 |
| Unrestricted | 2,875,391 | 4,784,672 | 2,008,065 | 9,668,128 |
| Total net position | \$ 243,391,750 | \$ 23,007,742 | \$ 38,486,498 | \$ 304,885,990 |
| Reconciliation to government-wide Statement of Net Position: | | | | |
| Adjustments to reflect the consolidation of internal service fund activities related to Enterprise Funds: | | | | 3,047,523 |
| Net position of business-type activities | | | | 307,933,513 |

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of the
Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

| | | | |
|---|-----------|-------------------|--------------|
| Net change in fund balances - total governmental funds | \$ | 65,150,938 | |
| Amounts reported for governmental activities in the statement of activities are different because: | | | |
| Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. | | 66,180,209 | |
| Depreciation on capital assets is reported in the government-wide statement of activities but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds (except for internal service fund depreciation of \$306,092). | | (46,258,454) | |
| Governmental funds do not report capital contributions. | | 5,844,556 | |
| The net effect of various transactions involving capital assets (i.e., disposals, sales, and reassignments) are not reported in the governmental funds. | | (2,138,794) | |
| The issuance of long-term debt (i.e., bonds) provides current financial resources to the governmental funds, while repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the 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. | | | |
| Bonds issued | \$ | (107,095,000) | |
| Bond principal retirement | | 34,875,000 | |
| Bond premium issued | | (3,272,425) | |
| Amortization of bond premiums/discounts | | 2,158,415 | |
| Amortization of loss on refundings | | (304,722) | (73,638,732) |
| Some expense accruals reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. | | | |
| Accrued interest | \$ | (71,957) | |
| Compensated absences | | (6,234) | |
| Pollution remediation obligation | | (6,450) | |
| Postemployment benefit obligation | | (3,513,242) | |
| Pension liability | | 10,453,105 | |
| Deferred pension and OPEB contributions, and investment and actuarial experience | | 318,250 | |
| Other liabilities | | (2,947,862) | 4,225,610 |
| Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | | 68,089 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net operating loss of the internal service funds is reported with governmental activities (net of the amount allocated to business-type activities of \$18,821). | | | 987,291 |
| Change in net position of governmental activities | \$ | 20,420,713 | |

| Net (Expense) Revenue and Changes in Net Position Primary Government | | | |
|--|-----------------------------|-----------------|-----------------|
| Governmental Activities | Business-Type Activities | Total | Component Units |
| \$ (25,370,212) | \$ - | \$ (25,370,212) | \$ - |
| (89,166,900) | - | (89,166,900) | - |
| (21,164,302) | - | (21,164,302) | - |
| (42,498,287) | - | (42,498,287) | - |
| (14,004,156) | - | (14,004,156) | - |
| (192,203,857) | - | (192,203,857) | - |
| - | 12,992,840 | 12,992,840 | - |
| - | 1,034,766 | 1,034,766 | - |
| - | (865,968) | (865,968) | - |
| - | (166,157) | (166,157) | - |
| - | 8,466,440 | 8,466,440 | - |
| - | 21,461,921 | 21,461,921 | - |
| (192,203,857) | 21,461,921 | (170,741,936) | - |
| | | | (4,074,637) |
| | | | (422,923) |
| | | | 4,771,714 |
| | | | 274,154 |
| | | | - |
| | | | - |
| | | | - |
| | | | - |
| | | | 2,606 |
| | | | - |
| | | | 2,606 |
| | | | 276,760 |
| | | | 47,281,809 |
| \$ 416,500,918 | \$ 307,933,513 | \$ 724,434,431 | \$ 47,558,569 |

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
Balance Sheet
Governmental Funds
September 30, 2021

| ASSETS | Streets | | | Total Governmental Funds | | | | |
|---|-----------------------|---------------------|----------------------|--------------------------|---------------------|---------------------|-----------------------------|--------------------------|
| | General | Section 8 | CIP | Grants | Debt Service | Epic 2 CIP | Nonmajor Governmental Funds | Total Governmental Funds |
| Cash and cash equivalents | \$ 2,410,868 | \$ 2,069,115 | \$ 2,603,020 | \$ - | \$ 33,995,286 | \$ - | \$ 5,007,152 | \$ 113,538,003 |
| Investments | 192,067,383 | 533,109 | 12,360,381 | - | - | - | 40,266,083 | 80,027,076 |
| Property tax receivable, net | 2,047,547 | - | - | - | - | - | 2,031,452 | 2,366,924 |
| Sales tax receivable | 7,780,887 | - | - | - | - | - | - | 14,022,362 |
| Franchise fees receivable | 2,371,762 | - | - | 202 | - | - | 12,374,809 | 27,048,695 |
| Other receivables, net | 3,233,107 | - | - | - | - | - | 240,786 | 4,583,446 |
| Intergovernmental receivables | 72,397 | - | - | - | - | - | 512,408 | 6,247,413 |
| Due from other funds | - | - | - | 6,287,676 | - | - | 382,555 | 44,944,122 |
| Inventory | 432,009 | - | - | - | - | - | - | 5,573,532 |
| Prepaids | - | - | - | - | - | - | 3,225,466 | 3,357,133 |
| Total assets | 210,415,960 | 2,602,224 | 14,963,401 | 33 | 103,764 | - | 4,500,264 | 4,845,742 |
| | | | | - | - | - | 281,478 | 987,119 |
| LIABILITIES | | | | 6,391,675 | 33,995,286 | - | 68,831,489 | 307,874,852 |
| Accounts payable | 4,265,643 | 55,859 | 1,402,174 | - | - | - | 287,453 | 25,734,614 |
| Retainage payable | - | - | 142,951 | - | - | - | 8,382,924 | 103,912,676 |
| Accrued liabilities | 6,583,457 | 106,040 | - | - | - | - | 23,092,103 | 26,124,266 |
| Due to other funds | 147,000,000 | - | - | 3,802,429 | - | - | - | 84,420,479 |
| Customer deposits | - | - | - | 171,821 | - | - | 18,188,480 | 66,180,209 |
| Unearned revenue | 516,825 | - | - | 3,198,225 | - | - | 49,188,810 | 34,875,000 |
| Total liabilities | 158,365,925 | 161,899 | 1,545,125 | 8,556,197 | - | - | 4,733,835 | 15,772,930 |
| | | | | - | 22,555,000 | - | 12,320,000 | 34,875,000 |
| DEFERRED INFLOWS OF RESOURCES | | | | - | 10,903,992 | - | 4,733,835 | 15,772,930 |
| Unavailable revenue | 2,043,661 | - | - | 15,728,672 | 33,458,992 | - | 116,193,605 | 357,020,174 |
| Total deferred inflows of resources | 2,043,661 | - | - | (9,336,997) | 536,294 | - | (47,362,116) | (49,145,322) |
| FUND BALANCES | | | | | | | | |
| Nonspendable | 432,009 | - | - | 16,373,299 | 950,000 | - | 72,849,012 | 90,172,311 |
| Restricted | 594,260 | 2,440,325 | 5,843,860 | (309,427) | (187,955) | (37,693,951) | (11,270,265) | (88,082,896) |
| Committed | - | - | 7,574,416 | - | - | - | 92,629,734 | 107,095,000 |
| Assigned | 2,412,477 | - | - | - | - | - | 1,713,071 | 3,272,425 |
| Unassigned | 46,567,628 | - | - | - | - | - | 4,550 | 1,839,420 |
| Total fund balances | 50,006,374 | 2,440,325 | 13,418,276 | 16,063,872 | 762,045 | (37,693,951) | 155,926,102 | 114,296,260 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 210,415,960 | \$ 2,602,224 | \$ 14,963,401 | 6,726,875 | 1,298,339 | (37,693,951) | 108,563,986 | 65,150,938 |
| | | | | 7,265,027 | 2,489,226 | 37,693,951 | 107,057,620 | 234,115,110 |
| | | | | \$ 13,991,902 | \$ 3,787,565 | \$ - | \$ 215,621,606 | \$ 299,266,048 |

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas

Statement of Revenues, Expenditures,
and Changes in Fund Balances of
Governmental Funds
For the Year Ended September 30, 2021

| | General | Section 8 | Streets CIP | Grants | Debt Service | Epic 2 CIP | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|----------------------|-------------------|------------------|---------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | | | | |
| Property taxes | \$ 74,535,565 | \$ - | \$ - | \$ 4,775,709 | \$ 1,592,767 | \$ - | \$ 67,856,075 | \$ 81,307,554 |
| Sales taxes | 39,760,993 | - | - | - | 2,200,000 | - | 38,550,672 | 245,711,545 |
| Other taxes | 335,472 | - | - | - | 924,981 | - | - | 2,972,528 |
| Franchise fees | 14,022,362 | - | - | - | - | - | 7,769,116 | 15,550,003 |
| Charges for goods and services | 6,069,457 | 8,604,227 | - | - | - | - | 60,026 | 2,431,788 |
| Licenses and permits | 4,022,506 | 320,154 | - | 32,189 | 4,658 | - | 1,813,036 | 5,082,990 |
| Fines and forfeitures | 5,735,005 | - | - | 452,319 | - | - | - | 524,716 |
| Intergovernmental | 2,629,636 | 35,644,255 | - | 28,000,000 | - | - | 113,371,317 | 141,371,317 |
| General and administrative | 5,573,532 | - | - | - | - | - | 33,338 | 465,347 |
| Rents and royalties | 131,667 | - | - | - | - | - | 26,126 | 26,126 |
| Investment income | 324,216 | - | - | - | - | - | - | - |
| Contributions | 134,464 | - | 107,250 | - | - | - | - | - |
| Other | 660,026 | 45,615 | - | - | - | - | - | - |
| Total revenues | 153,934,901 | 44,614,251 | 107,250 | 33,260,217 | 4,722,406 | - | 229,479,706 | 495,443,914 |
| EXPENDITURES | | | | | | | | |
| Current operations: | | | | 744,760 | 5,997 | - | 7,567,736 | 14,042,169 |
| Support services | 25,447,161 | - | - | 32,617 | - | - | 1,379,536 | 1,555,104 |
| Public safety services | 91,727,323 | - | - | 136,110 | - | - | 842,389 | 7,667,996 |
| Recreation and leisure services | 2,860,342 | - | - | - | - | - | 1,371,317 | 148,371,317 |
| Development services and other | 12,595,116 | 45,365,461 | 5,073,197 | - | - | - | 45,600 | 45,600 |
| Capital outlay | 622,879 | - | 7,812,323 | 18,354,828 | - | - | 2,651,522 | 21,523,175 |
| Debt service: | | | | 19,268,315 | 5,997 | - | 13,858,100 | 193,205,361 |
| Principal retirement | - | - | - | - | - | - | - | - |
| Interest and other charges | - | - | 135,103 | - | 928,844 | - | - | 2,972,505 |
| Total expenditures | 133,252,821 | 45,365,461 | 13,020,623 | - | 928,844 | - | - | 2,972,505 |
| Excess (deficiency) of revenues over (under) expenditures | 20,682,080 | (751,210) | (12,913,373) | - | 928,844 | - | - | 2,972,505 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | - | - | - | - | - | - | 59,464 | 491,473 |
| Transfers out | (33,150,756) | - | (5,470,542) | 13,991,902 | 3,787,565 | - | 162,415,468 | 189,073,380 |
| Bonds issued | - | - | 14,465,266 | - | - | - | 53,146,674 | 60,721,090 |
| Premium on bonds issued | - | - | 1,559,354 | - | - | - | - | 2,412,477 |
| Proceeds from sale of assets | 1,826,620 | 8,250 | - | - | - | - | - | 46,567,628 |
| Total other financing sources (uses) | (31,324,136) | 8,250 | 10,554,078 | 13,991,902 | 3,787,565 | - | 215,621,606 | 299,266,048 |
| Net change in fund balances | (10,642,056) | (742,960) | (2,359,295) | - | - | - | - | - |
| Fund balances - beginning of year | 60,648,430 | 3,183,285 | 15,777,571 | \$ 33,260,217 | \$ 4,722,406 | \$ - | \$ 229,479,706 | \$ 495,443,914 |
| Fund balances - end of year | \$ 50,006,374 | \$ 2,440,325 | \$ 13,418,276 | | | | | |

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Grand Prairie, Texas
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position
 September 30, 2021

| | | | |
|--|----|---------------|-----------------------|
| Total fund balance - total governmental funds | | | \$ 299,266,048 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds (excluding internal service funds' capital assets of \$1,693,167). | | | 725,609,517 |
| Certain revenues are not available to pay for current-period expenditures; therefore, these revenues are deferred in the funds. | | | 2,972,505 |
| Certain assets and liabilities do not provide or require the use of current financial resources; therefore, these assets and liabilities are not reported in the governmental funds. | | | |
| Accrued interest on long-term debt | \$ | (2,603,842) | |
| Unamortized loss of bond refundings | | 2,196,319 | |
| Deferred pension and OPEB contributions, and investment and actuarial experience (excluding internal service fund totals of \$33,109). | | (1,501,084) | (1,908,607) |
| Internal service funds are used by management to charge cost of certain activities, such as employee health insurance, risk management insurance, and fleet services, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position (net of amount allocated to business-type activities of \$3,047,523). | | | 16,905,883 |
| Noncurrent liabilities are not due and payable in the current period; therefore, they are not reported in the governmental fund balance sheet. These noncurrent liabilities are as follows: | | | |
| Long-term debt | \$ | (462,155,000) | |
| Unamortized bond premium/discount, net | | (27,203,630) | |
| Compensated absences (excluding internal service fund totals of \$63,774) | | (21,023,263) | |
| Other post employment benefits (excluding internal service fund totals of \$838,442) | | (63,420,351) | |
| Net pension liability (excluding internal service fund totals of \$799,060) | | (48,427,605) | |
| Environmental remediation obligation | | (27,350) | |
| Other liabilities | | (4,087,229) | (626,344,428) |
| Net position of governmental activities | | | <u>\$ 416,500,918</u> |



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OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

| | |
|-------------------------------------|--|
| THE CITY | The City of Grand Prairie, Texas (the "City") is a political subdivision and home rule municipal corporation of the State of Texas, located in Dallas, Tarrant and Ellis Counties, Texas. The City covers approximately 81 square miles (see "INTRODUCTION - Description of the City"). |
| THE BONDS | The Bonds are issued as \$8,000,000 General Obligation Bonds, Taxable Series 2022 (the "Bonds"). The Bonds are issued as serial bonds maturing on February 15 in each of the years 2024 through 2033, and as term bonds maturing on February 15 in the years 2035, 2037, 2039, 2041 and 2043 unless redeemed in accordance with the provisions described herein (see "THE BONDS - Description of the Bonds", "Optional Redemption of the Bonds" and "Mandatory Sinking Fund Redemption"). |
| PAYMENT OF INTEREST | Interest on the Bonds accrues from the Delivery Date, estimated to be December 6, 2022, and is payable February 15, 2023, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds, THE BONDS-Mandatory Sinking Fund Redemption" and "THE BONDS - Optional Redemption of the Bonds"). |
| AUTHORITY FOR ISSUANCE | The Bonds are issued pursuant to the Home Rule Charter of the City, the Constitution and general laws of the State of Texas, including particularly Texas Government Code, Chapters 1331 and 1371, as amended, and an election held within the City on May 1, 2021, and an ordinance adopted by the City Council of the City on October 11, 2022, authorizing the issuance of the Bonds (the "Bond Ordinance") which delegated to an authorized officer of the City (the "Pricing Officer") the authority to execute a pricing certificate (the "Pricing Certificate" and together with the Bond Ordinance, the "Ordinance"), which Pricing Certificate was executed on November 9, 2022 and contains the final sale terms of the Bonds. (see "THE BONDS - Authority for Issuance of the Bonds" and "- Security and Source of Payment for the Bonds"). |
| SECURITY FOR THE BONDS | The Bonds, when issued, are direct obligations of the City payable from a direct and continuing, annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Bond Ordinance (see "THE BONDS - Security and Source of Payment for the Bonds"). |
| REDEMPTION | The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2030, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2029 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption of the Bonds"). The Bonds maturing on February 15 in the years 2035, 2037, 2039, 2041 and 2043, (the "Term Bonds") are subject to mandatory sinking fund redemption in part prior to maturity at a price of par plus accrued interest to the redemption date (see "THE BONDS - Mandatory Sinking Fund Redemption"). |
| NO TAX EXEMPTION | Interest on the Bonds will not be excludable from gross income for federal income tax purposes. See "TAX MATTERS" herein. |
| USE OF PROCEEDS | Proceeds from the sale of the Bonds will be used to provide funds (i) for promoting economic development throughout the City, through planning, designing, constructing, improving, extending and expanding public streets, utilities, and other infrastructure facilities, including the acquisition of land therefor, and through the City's programs for economic development and housing including the acquisition of improved and unimproved properties, the demolition of existing structures, making grants, loans and otherwise providing assistance with bond proceeds to promote economic development and to stimulate business and commercial activity in the City for private commercial, industrial, retail, residential and mixed-use development, hospitality and entertainment projects and neighborhood revitalization projects; and (ii) to pay the costs associated with the issuance of the Bonds. |
| RATING | The Bonds have been rated "AAA" with a (stable outlook) by S&P Global Ratings, a division of S&P Global Inc. ("S&P") (see "OTHER INFORMATION - Rating"). |
| BOOK-ENTRY-ONLY SYSTEM | The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for |

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subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD The City has not defaulted on its general obligation bonds since 1939 when defaults were corrected without refunding and has never defaulted on its revenue bonds.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

O. Tax Abatements and Economic Incentive Agreements

The City has incentive agreements with companies which may refund or rebate certain amounts of taxes based on performance indicators. These agreements are governed by Chapter 312 of the Texas Local Government Code. Recipients may be eligible based on their impact to the City's economy, as usually measured by job creation. Agreements may also contain recapture or 'clawback' provisions in the event of non-performance of the agreement standards. The City's Management Services division reviews the performance of the companies under these agreements for their compliance with stated standards. As of the 2020 certified roll (used for 2021 fiscal year) the City's abatement agreements with four companies resulted in \$38,060,542 in appraised values, totaling \$255,005 in taxes abated on the 2020 certified tax roll (used for the 2021 fiscal year).

P. Subsequent Events

On February 9, 2022, the City issued \$26,000,000 in Certificates of Obligation, Series 2022. The proceeds of the issuance are intended for use on street projects and some repairs and updates on existing police, fire, and municipal facilities.

On February 16, 2022, the City issued \$17,136,000 in General Obligation Refunding Bonds, Series 2022A. The proceeds refunded \$7,700,000 of Combination Tax and Revenue Certificates of Obligation Series 2013A, \$1,410,000 of General Obligation Bonds, Series 2013A, \$5,065,000 of Combination Tax and Revenue Certificates of Obligation Series 2013, and \$2,360,000 of General Obligation Refunding and Improvement Bond Series 2013. The refunding resulted in present value savings of \$1,514,347.

On February 16, 2022, the City issued \$8,215,000 in General Obligation Refunding Bonds, Series 2022B. The proceeds refunded \$7,790,000 of Combination Tax and Revenue Certificates of Obligation, Series 2014 resulting in present value savings of \$396,110.

Finally, on February 16, 2022, the City issued \$19,023,000 in General Obligation Refunding Bonds, Series 2022C. The proceeds refunded \$15,195,000 of Combination Tax and Revenue Certificates of Obligation, Series 2015, and \$2,110,000 of General Obligation Refunding Bond Series 2015. The refunding resulted in present value savings of \$1,808,452.

On February 24, 2022 the City issued \$61,550,000 in Sales Tax Revenue Refunding Bonds, Series 2022. The proceeds refunded \$55,345,000 of Sales Tax Revenue Bond Series 2015 resulting in present value savings of \$5,848,825.

The City has evaluated all other events or transactions that occurred after September 30, 2021 up through March 29, 2022, the date the financial statements were available to be issued.

SELECTED FINANCIAL INFORMATION

| Fiscal Year | Estimated | Taxable Assessed Valuation ⁽⁴⁾ | Taxable Assessed Valuation Per Capita | Net G.O. Tax Debt Outstanding at End of Year ⁽¹⁰⁾ | Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation | Net G.O. Tax Debt |
|-------------|------------------------|---|---------------------------------------|--|--|-------------------|
| 2019 | 189,430 | \$ 14,755,015,593 ⁽⁵⁾ | \$ 77,892 | \$ 307,720,000 | 2.09% | \$ 1,624 |
| 2020 | 196,100 ⁽²⁾ | 16,325,123,108 ⁽⁶⁾ | 83,249 | 285,465,000 | 1.75% | 1,456 |
| 2021 | 197,347 | 16,980,301,115 ⁽⁷⁾ | 86,043 | 370,245,000 | 2.18% | 1,876 |
| 2022 | 200,640 | 18,125,734,480 ⁽⁸⁾ | 90,340 | 448,852,000 | 2.48% | 2,237 |
| 2023 | 200,640 ⁽³⁾ | 20,975,411,726 ⁽⁹⁾ | 104,543 | 428,404,000 ⁽¹¹⁾ | 2.04% | 2,135 |

- (1) Source: City Staff.
- (2) Source: 2020 Census.
- (3) As of October 2022, a population estimate for fiscal year 2023 is not available. Subject to change during the ensuing year.
- (4) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.
- (5) Includes taxable incremental value of approximately \$381,547,594 that is not available for the City's general use.
- (6) Includes taxable incremental value of approximately \$424,344,427 that is not available for the City's general use.
- (7) Includes taxable incremental value of approximately \$760,000,000 that is not available for the City's general use.
- (8) Includes taxable incremental value of approximately \$870,000,000 that is not available for the City's general use.
- (9) Includes taxable incremental value of approximately \$1,300,000,000 that is not available for the City's general use.
- (10) Excludes revenue supported general obligation debt. See "Table 9 – Computation of Resources for Payment of Self-Supporting General Obligation Debt."
- (11) Includes the Bonds.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

| | Fiscal Year Ended September 30, | | | | |
|------------------------|---------------------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Beginning Balance | \$ 60,648,430 | \$ 45,186,271 | \$ 33,745,051 | \$ 31,346,705 | \$ 31,011,895 |
| Total Revenue | 153,934,901 | 159,544,066 | 150,707,356 | 134,912,713 | 126,720,322 |
| Total Expenditures | 133,252,821 | 128,429,131 | 127,629,868 | 123,411,609 | 116,161,238 |
| Net Transfers | (33,150,756) | (16,762,667) | (12,704,188) | (10,106,151) | (11,110,985) |
| Sale of Capital Assets | 1,826,620 | 1,115,891 | 1,067,920 | 1,003,393 | 886,711 |
| Net Funds Available | (10,642,056) | 15,462,159 | 11,441,220 | 2,398,346 | 334,810 |
| Ending Balance | \$ 50,006,374 | \$ 60,648,430 | \$ 45,186,271 | \$ 33,745,051 | \$ 31,346,705 |

For additional information regarding the City, please contact:

| | | | |
|--|--|--|---|
| Cathy Patrick, CPA Chief Financial Officer cpatrick@GPTX.org City of Grand Prairie 300 W. Main Street Grand Prairie, Texas 75050 (972) 237-8090 | Brady Olsen Assistant Finance Director bolsen@GPTX.org City of Grand Prairie 300 W. Main Street Grand Prairie, Texas 75050 (972) 237-8099 | Jim S. Saboris Managing Director jim_saboris@hilltopsecurities.com Hilltop Securities Inc. 717 N. Harwood Street, Suite 3400 Dallas, Texas 75201 (214) 953-4195 | Andre Ayala Managing Director andre_ayala@hilltopsecurities.com Hilltop Securities Inc. 717 N. Harwood Street, Suite 3400 Dallas, Texas 75201 (214) 953-4184 |
|--|--|--|---|

OFFICIAL STATEMENT
RELATING TO
\$8,000,000
CITY OF GRAND PRAIRIE, TEXAS
GENERAL OBLIGATION BONDS, TAXABLE SERIES 2022

INTRODUCTION

This Official Statement which includes the Appendices hereto, provides certain information regarding the issuance of \$8,000,000 City of Grand Prairie, Texas, (the "City") General Obligation Bonds, Taxable Series 2022 (the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance adopted by the City Council on October 11, 2022, (the "Bond Ordinance"), which delegated the final pricing of the Bonds to a Pricing Officer pursuant to a "Pricing Certificate" that was executed on November 9, 2022 and contains the final sales terms of the Bonds, which Bond Ordinance and the Pricing Certificate are jointly herein referred to as the "Ordinance."

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Hilltop Securities Inc., ("HilltopSecurities") Dallas, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and home rule municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's home rule charter (the "Home Rule Charter"). The City first adopted its Home Rule Charter in 1948. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members who are elected for staggered three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, environmental health services, parks and recreation, public transportation, public facilities, planning and zoning, and general administrative services. The 2010 population was 175,396 while the 2020 Census population was 196,100. The estimated population for 2022 is 200,640. The City covers approximately 81 square miles.

INFECTIOUS DISEASE OUTBREAK – COVID-19 . . . In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the U.S., the State and the City. Following the widespread release and distribution of various COVID-19 vaccines beginning in December 2020 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) began lifting business and social limitation associated with COVID-19. Under executive orders in effect as of the date of this Official Statement, there are no State-imposed COVID-19 related operating limits for any business or other establishment in the State and no State-imposed requirement to wear a face covering. The Governor retains the right to impose future restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that economic activity will continue or increase at the same rate as before the COVID-19 pandemic or following the easing or removal of restrictions, especially if there are future outbreaks of COVID-19 or variants of COVID-19. The COVID-19 pandemic may result in lasting changes in some businesses and social practices, which could affect business activity and limit the growth of or reduce the City's ad valorem and sales tax collections. In addition, further or extended reductions in the value of stocks and other investments could impact employee retirement plans or other funds and could require actions by the State. The City cannot predict the long-term economic effect of COVID-19 or the effect of any future outbreak of COVID-19, or variants of COVID-19, or a similar virus on the City's operations or financial condition.

Some of the financial and operating data contained herein are as of dates and for periods prior to the economic impact of COVID-19 and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the COVID-19 pandemic upon the City. While the full extent of the impact of COVID-19 on the City cannot be fully quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

M. Contracts, Commitments, and Contingent Liabilities

Federal and State Grants

The City participates in a number of state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The City and Sports Corporation are contingently liable in respect of lawsuits and claims in the ordinary course of operations which, in the opinion of management, will not have material adverse effect on the combined financial statements.

Water Intake Facility Contract

The City entered into a contract with the Trinity River Authority (TRA) whereby TRA agreed to sell revenue bonds, and, to construct and operate water treatment, transmission and storage facilities necessary to supply treated water to several area cities. The City has also agreed contractually to pay TRA annually an amount sufficient to pay its pro rata share of the operation and maintenance expenses of the facilities and related debt service of its bonds. The project is not treated as a joint venture by the City since the project is managed and unilaterally controlled by TRA, the City has no equity interest in the project, and the City is not obligated for the repayment of TRA bonds.

Water Purchase Contracts

The City has a 30-year contract with the City of Dallas, which expires in 2042, for the purchase of water. Grand Prairie currently takes up to 37.8 million gallons a day (MGD), and pays a fixed demand charge plus a volume charge. The demand charge is based on current maximum demand or the highest demand established during the five preceding years, whichever is greater. Thus, even if the City were to stop purchasing water from Dallas, its obligation to pay the demand charge (\$291,422) would extend for five years. The maximum may be increased in future years as needed. Grand Prairie has two intake points for City of Dallas water with a contractual right obligating the City of Dallas to meet Grand Prairie's needs. Existing pipelines will provide up to 55 MGD.

A contract with the City of Fort Worth, effective until the year 2031, permits the City to purchase up to 2.5 MGD.

A contract with the City of Midlothian, executed in 2014 for a 30-year term, permits the City to purchase up to an average of 4.5 MGD during the term of the contract. Beginning in January 2016, the City began purchasing water from the City of Midlothian at an average rate of 0.478 MGD.

A contract with the City of Arlington, executed in 2011 for a 20-year term, allows the City to purchase up to 2.5 MGD maximum flow unless otherwise agreed to in writing. As of September 30, 2021, no water has been purchased through this contract.

Wastewater Treatment Contracts

The City has a 50 year contract with TRA, which will expire in 2023, for wastewater treatment. The City is billed for its prorated share of total wastewater costs, which was 16.69% during fiscal year 2021. The City must pay its prorated share of the debt service related to wastewater treatment facilities until the debt matures whether it contributes to flow or not.

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

L. Fund Balance

At September 30, 2021, fund balances were classified as follows:

| | General | Section 8 | Streets CIP | Grants | Debt Service | Nonmajor Governmental Funds | Total |
|---------------------------------------|----------------------|---------------------|----------------------|----------------------|---------------------|-----------------------------------|-----------------------|
| Fund balances | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventory and prepaids | \$ 432,009 | \$ - | \$ - | \$ - | \$ - | \$ 59,464 | \$ 491,473 |
| Spendable: | | | | | | | |
| Restricted for: | | | | | | | |
| Employee Welfare | 127,582 | - | - | - | - | - | 127,582 |
| Library Memorials | 47,228 | - | - | - | - | - | 47,228 |
| At Risk Youths | 38,667 | - | - | - | - | - | 38,667 |
| Street Plan Review | 20,873 | - | - | - | - | - | 20,873 |
| Greg Hunter Scholarships | 63,980 | - | - | - | - | - | 63,980 |
| State Training (Fire) | 862 | - | - | - | - | - | 862 |
| Poodle Paws Adoptions | 295,048 | - | - | - | - | - | 295,048 |
| Section 8 | - | 2,440,325 | - | - | - | - | 2,440,325 |
| Street Improvements | - | - | 5,843,860 | - | - | - | 5,843,860 |
| Grants | - | - | - | 13,991,902 | - | - | 13,991,902 |
| Debt Service | - | - | - | - | 3,787,565 | - | 3,787,565 |
| Epic 2 CIP & Epic Central | - | - | - | - | - | 8,616,633 | 8,616,633 |
| Park Venue | - | - | - | - | - | 8,181,495 | 8,181,495 |
| Streets | - | - | - | - | - | 3,210,311 | 3,210,311 |
| Crime | - | - | - | - | - | 8,020,743 | 8,020,743 |
| Hotel Motel | - | - | - | - | - | 1,852,554 | 1,852,554 |
| Police Seizure | - | - | - | - | - | 239,655 | 239,655 |
| Municipal Court | - | - | - | - | - | 218,458 | 218,458 |
| Red Light Safety | - | - | - | - | - | 1,197,221 | 1,197,221 |
| Lake Ports | - | - | - | - | - | 3,526,481 | 3,526,481 |
| Public Improvement Districts | - | - | - | - | - | 5,246,322 | 5,246,322 |
| Box Increment Financing | - | - | - | - | - | 14,172,960 | 14,172,960 |
| Other special revenue | - | - | - | - | - | 260,719 | 260,719 |
| Park Venue Capital Projects | - | - | - | - | - | 1,996,918 | 1,996,918 |
| Fire Capital Projects | - | - | - | - | - | 795,939 | 795,939 |
| Municipal Facilities Capital Projects | - | - | - | - | - | 3,231,423 | 3,231,423 |
| IF #1 EPIC CIP | - | - | - | - | - | 101,564,513 | 101,564,513 |
| Other Capital Projects | - | - | - | - | - | 82,723 | 82,723 |
| Total restricted | 594,260 | 2,440,325 | 5,843,860 | 13,991,902 | 3,787,565 | 162,415,468 | 189,073,380 |
| Committed to: | | | | | | | |
| Street Improvements | - | - | 7,574,416 | - | - | - | 7,574,416 |
| Park Venue | - | - | - | - | - | 1,779,553 | 1,779,553 |
| Cable Operations | - | - | - | - | - | 505,265 | 505,265 |
| Verizon Theatre | - | - | - | - | - | 1,440,808 | 1,440,808 |
| Cemetery | - | - | - | - | - | 4,687,633 | 4,687,633 |
| Municipal Facilities Capital Projects | - | - | - | - | - | 4,280,557 | 4,280,557 |
| Drainage Capital Projects | - | - | - | - | - | 11,273,069 | 11,273,069 |
| Police Capital Projects | - | - | - | - | - | 220,499 | 220,499 |
| IF #1 EPIC CIP | - | - | - | - | - | 9,777,598 | 9,777,598 |
| Other Capital Projects | - | - | - | - | - | 5,552,558 | 5,552,558 |
| Capital Lending/Reserve | - | - | - | - | - | 13,609,134 | 13,609,134 |
| Total committed | - | - | 7,574,416 | - | - | 53,146,674 | 60,721,090 |
| Assigned to: | | | | | | | |
| Home Match Cash | 393,990 | - | - | - | - | - | 393,990 |
| KGPB Commissioners | 1,299 | - | - | - | - | - | 1,299 |
| Youth Scholarship Fund | 5,403 | - | - | - | - | - | 5,403 |
| Police Memorials | 6,984 | - | - | - | - | - | 6,984 |
| State Training (Police) | 27,943 | - | - | - | - | - | 27,943 |
| Fire- State Supplemental Funds | 1,648,850 | - | - | - | - | - | 1,648,850 |
| Hall of Fame Trust Fund | 11,234 | - | - | - | - | - | 11,234 |
| First Offender Program | 15,427 | - | - | - | - | - | 15,427 |
| Triny Creek Accessibility Garden | 36,774 | - | - | - | - | - | 36,774 |
| US Marshals Service Agreement | 227,769 | - | - | - | - | - | 227,769 |
| GFPD Biking Program | 21,870 | - | - | - | - | - | 21,870 |
| GFPD Explorer Program | 14,376 | - | - | - | - | - | 14,376 |
| GFPD Mounted Patrol | 558 | - | - | - | - | - | 558 |
| Total assigned | 2,412,477 | - | - | - | - | - | 2,412,477 |
| Unassigned | 46,567,628 | - | - | - | - | - | 46,567,628 |
| Total fund balances | \$ 50,006,374 | \$ 2,440,325 | \$ 13,418,276 | \$ 13,991,902 | \$ 3,787,565 | \$ 215,621,406 | \$ 299,266,048 |

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used to provide funds (i) for promoting economic development throughout the City, through planning, designing, constructing, improving, extending and expanding public streets, utilities, and other infrastructure facilities, including the acquisition of land therefor, and through the City's programs for economic development and housing including the acquisition of improved and unimproved properties, the demolition of existing structures, making grants, loans and otherwise providing assistance with bond proceeds to promote economic development and to stimulate business and commercial activity in the City for private commercial, industrial, retail, residential and mixed-use development, hospitality and entertainment projects and neighborhood revitalization projects; and (ii) to pay the costs associated with the issuance of the Bonds.

USE OF BOND PROCEEDS . . . Proceeds from the sale of the Bonds are expected to be expended as follows:

SOURCES OF FUNDS:

| | |
|-----------------------|------------------------|
| Par Amount of Bonds | \$ 8,000,000.00 |
| Purchaser's Discount | (4,966.50) |
| TOTAL SOURCES: | \$ 7,955,033.50 |

USES OF FUNDS:

| | |
|-------------------------|------------------------|
| Deposit to Project Fund | \$ 7,855,778.50 |
| Costs of Issuance | 99,255.00 |
| TOTAL USES: | \$ 7,955,033.50 |

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds are dated November 1, 2022, and are scheduled to mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the Delivery Date, estimated to be December 6, 2022, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each February 15 and August 15 until maturity or prior redemption, commencing February 15, 2023. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE OF THE BONDS . . . The Bonds are issued pursuant to the Constitution and general laws of the State, particularly Chapters 1331 and 1371, Texas Government Code, as amended, the Ordinance and an election held within the City on May 1, 2021, and constitute direct obligations of the City.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS . . . The Bonds, when issued, are direct obligations of the City payable from a direct and continuing, annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City as provided in the Bond Ordinance.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per each \$100 of Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per each \$100 of Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt, based on a 90% tax collection rate as calculated at the time of issuance.

OPTIONAL REDEMPTION OF THE BONDS . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2030, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2029, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of the Bonds to be redeemed. If less than all of the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If any Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION . . . The Bonds maturing on February 15, in the years 2035, 2037, 2039, 2041 and 2043 (collectively, the "Term Bonds") are subject to mandatory sinking fund redemption on the dates and in the principal amounts shown below at the price of par plus accrued interest to the date of redemption.

| Term Bonds Due February 15, 2035 | | Term Bonds Due February 15, 2037 | | Term Bonds Due February 15, 2039 | | Term Bonds Due February 15, 2041 | | Term Bonds Due February 15, 2043 | |
|-------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|---------------------|
| Redemption Date | Principal Amount | Redemption Date | Principal Amount | Redemption Date | Principal Amount | Redemption Date | Principal Amount | Redemption Date | Principal Amount |
| February 15, 2034 | \$ 390,000 | February 15, 2036 | \$ 435,000 | February 15, 2038 | \$ 485,000 | February 15, 2040 | \$ 540,000 | February 15, 2042 | \$ 605,000 |
| February 15, 2035* | 415,000 | February 15, 2037* | 460,000 | February 15, 2039* | 510,000 | February 15, 2041* | 570,000 | February 15, 2043* | 640,000 |

*Stated maturity.

At least forty-five (45) days prior to each mandatory redemption date for the Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds within the applicable stated maturity to be redeemed on the next following February 15 from moneys set aside for that purpose in the Interest and Sinking Fund (as defined in the Bond Ordinance). Any Term Bonds not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of the Term Bonds required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof and delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of each registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, which Government Securities shall mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. In the event of a defeasance of the Bonds, the City shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including

City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

TMRS Supplemental Death

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference in expected and actual experience | \$ 336,699 | \$ (612,182) |
| Difference in assumptions | 1,189,992 | (144,508) |
| Difference in projected and actual earnings on OPEB plan investments | - | - |
| Employer's contributions to the OPEB plan subsequent to the measurement date | 30,535 | - |
| | <u>\$ 1,557,226</u> | <u>\$ (756,690)</u> |

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$30,535 will be recognized as a reduction of the total OPEB liability in the City's financial statements September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Retiree Health Insurance

| Measurement Period Ended September 31, | Net deferred outflows (inflows) of resources |
|--|--|
| 2022 | \$ (453,955) |
| 2023 | (453,955) |
| 2024 | 408,682 |
| 2021 | 408,682 |
| 2026 | - |
| Total | <u>\$ (90,546)</u> |

TMRS Supplemental Death

| Measurement Year Ended December 31, | Net deferred outflows (inflows) of resources |
|---|--|
| 2021 | \$ 167,926 |
| 2022 | 167,926 |
| 2023 | 160,848 |
| 2024 | 117,758 |
| 2025 | 79,582 |
| Thereafter | 75,961 |
| Total | <u>\$ 770,001</u> |

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

The following presents the total OPEB liability of the City's TMRS supplemental plan calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.00%) or 1 percentage point higher (3.00%) than the current discount rate:

| Sensitivity of the OPEB Liability to Changes in the Discount Rate | | |
|--|---------------|--------------|
| Current | | |
| 1% Decrease | Discount Rate | 1% Increase |
| \$ 6,435,476 | \$ 5,288,290 | \$ 4,398,326 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City's retiree health insurance, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

| Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Rate | | |
|---|---------------|---------------|
| Current | | |
| 1% Decrease | Discount Rate | 1% Increase |
| \$ 56,434,600 | \$ 65,656,336 | \$ 74,380,016 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized total OPEB expense of \$6,000,782 which included \$5,518,041 related to Retiree Health Insurance and \$482,741 related to TMRS Supplemental Death.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

Retiree Health Insurance

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference in expected and actual experience | \$ - | \$ (2,087,798) |
| Difference in assumptions | 2,651,496 | (654,244) |
| Difference in projected and actual earnings on OPEB plan investments | - | - |
| Employer's contributions to the OPEB plan subsequent to the measurement date | - | - |
| | <u>\$ 2,651,496</u> | <u>\$ (2,742,042)</u> |

obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under applicable laws of the State of Texas. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, the applicable Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds that have been defeased to maturity for redemption or take any other action amending the terms of the Bonds that have been defeased to maturity are extinguished; provided, however, that the right to call the Bonds that have been defeased to maturity for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds, immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

AMENDMENTS . . . The City may, without the consent of or notice to any Holders of the Bonds, from time to time and at any time, amend the Ordinance in any manner not detrimental to the interests of the Holders of the Bonds, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of Holders of a majority in aggregate principal amount of the Bonds then Outstanding, amend, add to, or rescind any of the provisions of the Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, respectively, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing

Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system described herein is discontinued.**

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds, unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date (hereinafter defined). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to one or both series of the Bonds at any time by giving reasonable notice to the City or Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Effect of Termination of Book-Entry-Only System... In the event that the Book-Entry-Only System is discontinued, printed Bond certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS - Transfer, Exchange and Registration" herein.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (1) all rights of ownership must

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2021

The discount rate was based on the Fidelity index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

| Change in OPEB Liability Retiree Health Insurance | Total OPEB Liability |
|--|-------------------------|
| Balance at September 30, 2020 | \$ 62,543,755 |
| Changes for the year: | |
| Service cost | 4,393,270 |
| Interest | 1,578,728 |
| Difference between expected and actual experience | - |
| Changes in assumptions | - |
| Benefit payments* | (2,859,417) |
| Net changes | 3,112,581 |
| Balance at September 30, 2021 | \$ 65,656,336 |

| Change in OPEB Liability TMRS Supplemental Death | Total OPEB Liability |
|--|-------------------------|
| Balance at December 31, 2019 | \$ 4,419,808 |
| Changes for the year: | |
| Service cost | 191,195 |
| Interest | 123,620 |
| Difference between expected and actual experience | (93,363) |
| Changes in assumptions | 687,282 |
| Benefit payments* | (40,252) |
| Net changes | 868,482 |
| Balance at December 31, 2020 | \$ 5,288,290 |

*Due to the Plan being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City's retiree health insurance calculated using the discount rate of 2.41%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.41%) or 1 percentage point higher (3.41%) than the current discount rate:

| Sensitivity of the OPEB Liability to Changes in the Discount Rate | | |
|--|---------------|---------------|
| Current | | |
| 1% Decrease | Discount Rate | 1% Increase |
| \$ 72,474,349 | \$ 65,656,336 | \$ 57,702,266 |

City Of Grand Prairie, Texas

Notes to the Basic Financial Statements
September 30, 2021

The City of Grand Prairie TMRS supplemental death total OPEB liability of \$5,288,290 measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The retiree health insurance total OPEB liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions:

| | |
|----------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.50% |
| Discount Rate | 2.41% |
| Mortality rates - retirees | RP-2014 Combined Table projected using MP-2019 |

The discount rate was selected by City of Grand Prairie based on the Bond Buyer 20-Bond General Obligation Index to reflect yields on long-term municipal bonds as of the measurement date.

The TMRS supplemental death total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-------------------------------------|--|
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11.5% including inflation |
| Discount Rate | 2.00% |
| Administrative expenses | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality rates - service retirees | 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. |
| Mortality rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. |

be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Initial Purchaser (defined herein).

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued with respect to the Bonds, printed Bonds will be delivered to the registered owners thereof, and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed Bonds to the Paying Agent/Registrar, and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Bond.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of an Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . If the City defaults in the payment of principal, interest or redemption price, as applicable, on the Bonds when due, or if it fails to make payments into any fund or funds created in the Ordinance or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Bonds if there is no other available remedy at law to compel performance of the Bonds or the Ordinance and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a

contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, Texas Government Code ("Chapter 1371") which pertains to the issuance of public securities by certain issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt obligations. The City has relied upon Chapter 1371 in connection with the issuance of the Bonds, but the City has not waived sovereign immunity in the manner provided by Chapter 1371. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Bonds may not be able to bring such a suit against the City for breach of the Bonds or the covenants in the Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Bonds of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

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City Of Grand Prairie, Texas
Notes to the Basic Financial Statements
September 30, 2021

The City offers medical, dental, and vision coverage to eligible retirees.

Employees Covered by Benefit Terms

For retiree health insurance at the September 30, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 226 |
| Active employees | <u>1,328</u> |
| Total | <u><u>1,554</u></u> |

For TMRS supplemental death at the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 662 |
| Inactive employees entitled to but not yet receiving benefits | 133 |
| Active employees | <u>1,372</u> |
| Total | <u><u>2,167</u></u> |

Contributions

For retiree health insurance, retirees and their spouses currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Monthly retiree contribution rates are as follows:

Retiree Monthly Health Care Premiums for Grandfathered Retirees under 65 (Employee Pays Portion)

| | Monthly Health Care Premium |
|---|-----------------------------------|
| Over 65 Retiree (Grandfathered by age) | |
| Employee only | \$ 241 |
| Employee plus spouse | 238 |

Retiree Monthly Health Care Premiums Retirees under 65 (Employee Pays Portion)

| | Monthly Health Care Premium | |
|--------------------|-----------------------------------|--------|
| Group | EPO | HDHP |
| Retiree Only | \$ 284 | \$ 190 |
| Retiree + Spouse | 539 | 404 |
| Retiree + Children | 562 | 324 |
| Family | 757 | 569 |

Total OPEB Liability

The City of Grand Prairie retiree health insurance total OPEB liability of \$65,656,336 was measured as of September 30, 2021, and was determined by an actuarial valuation as of that date.