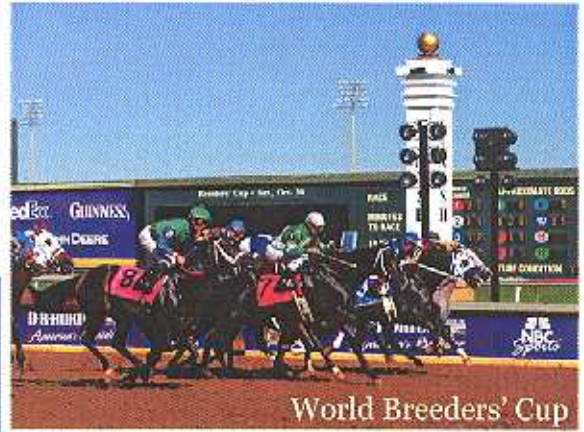


# COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year Ended September 30, 2004



World Breeders' Cup



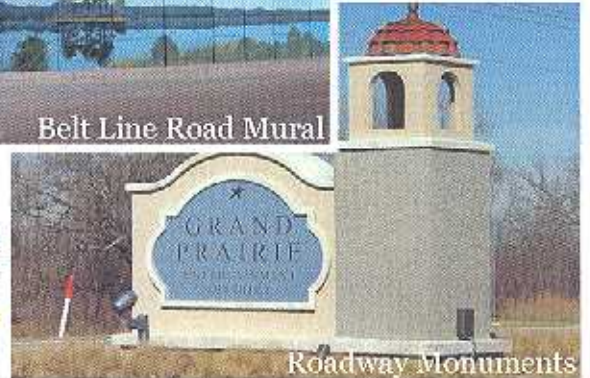
City Hall



Belt Line Road Mural



City Cemetery



Roadway Monuments



New Housing Growth



New Park Playgrounds

City of Grand Prairie, Grand Prairie, Texas

# CITY OF GRAND PRAIRIE, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2004

PREPARED BY THE FINANCE DEPARTMENT



**Charles England**  
Mayor

**Tom Hart**  
City Manager

**Elizabeth Walley, CPA**  
Finance Director

**CITY OF GRAND PRAIRIE, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED SEPTEMBER 30, 2004**

**TABLE OF CONTENTS**

<b>I. INTRODUCTORY SECTION</b>	<b>Page</b>
Letter of Transmittal	v
Certificate of Achievement	xiii
Mayor and City Council Members	xiv
Directory of Officials	xv
Organizational Chart	xvi
City of Grand Prairie Area Map	xvii
 <b>II. FINANCIAL SECTION</b>	
Independent Auditors' Report	1
<b>A. MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>3</b>
<b>B. BASIC FINANCIAL STATEMENTS</b>	<b>15</b>
<b>Government-Wide Financial Statements</b>	
Statement of Net Assets	15
Statement of Activities	16
<b>Fund Financial Statements</b>	
<b>Governmental Funds Financial Statements</b>	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	21
Statement of Revenue, Expenditures, and Changes in Fund Balance	22
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25
<b>Proprietary Funds Financial Statements</b>	
Statement of Net Assets	26
Statement of Revenue, Expenses, and Changes in Fund Net Assets	27
Statement of Cash Flows	28
<b>Component Units Financial Statements</b>	
Combining Statement of Net Assets - Component Units	29
Combining Statement of Activities - Component Units	30
<b>Notes to Basic Financial Statements</b>	<b>31</b>



**C. REQUIRED SUPPLEMENTARY INFORMATION**

General Fund - Budget to Actual Comparison Schedule	79
Section 8 Fund – Budget to Actual Comparison Schedule	80
Park Venue Fund – Budget to Actual Comparison Schedule	81
Texas Municipal Retirement System – Seven-year Analysis of Funding Program	82

**D. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**Nonmajor Governmental Funds**

Balance Sheet	86
Statement of Revenue, Expenditures, and Changes in Fund Balance	90
Debt Service Fund – Budget to Actual Comparison Schedule	94
Hotel/Motel Tax Fund – Budget to Actual Comparison Schedule	95
Police Seizure Fund – Budget to Actual Comparison Schedule	96
Municipal Court Fund – Budget to Actual Comparison Schedule	97
Cable Operations Fund – Budget to Actual Comparison Schedule	98

**Nonmajor Enterprise Funds**

Statement of Net Assets	
Statement of Revenue, Expenses, and Changes in Fund Net Assets	101
Statement of Cash Flows	102

**Internal Service Funds**

Statement of Net Assets	104
Statement of Revenue, Expenses, and Changes in Fund Net Assets	105
Statement of Cash Flows	106

**III. CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**

Schedule by Source	107
Schedule by Function and Activity	108
Schedule of Changes by Function and Activity	109

**IV. SUPPLEMENTAL SCHEDULES**

**Water and Wastewater Fund**

Aggregating Schedule of Net Assets	111
Aggregating Schedule of Revenue, Expenses, and Changes in Net Assets	113

**Solid Waste Fund**

Aggregating Schedule of Net Assets	
Aggregating Schedule of Revenue, Expenses, and Changes in Net Assets	117

## **Municipal Airport Fund**

Aggregating Schedule of Net Assets	119
Aggregating Schedule of Revenue, Expenses, and Changes in Net Assets	

## **Municipal Golf Course Fund**

Aggregating Schedule of Net Assets	121
Aggregating Schedule of Revenue, Expenses, and Changes in Net Assets	122

## **Park Venue Fund**

Aggregating Schedule of Net Assets	
Aggregating Schedule of Revenue, Expenses, and Changes in Net Assets	124

## **Risk Management Fund**

Aggregating Schedule of Net Assets	125
Aggregating Schedule of Revenue, Expenses, and Changes in Fund Balance	

## **Tax Increment Financing Fund**

Aggregating Schedule of Net Assets	
Aggregating Schedule of Revenue, Expenses, and Changes in Fund Balance	

## **V. STATISTICAL SECTION**

Graph – General Fund Revenue – Fiscal Year Ended September 30, 2004	
Graph – General Fund Expenditures – Fiscal Year Ended September 30, 2004	131
Graph – General Fund Expenditures – Last Ten Fiscal Years	132
Graph – Property/Sales Tax Receipts Per Capita	133
General Fund Revenues – Last Ten Fiscal Years	134
General Fund Expenditures – Last Ten Fiscal Years	136
Sales Tax Revenues – Last Ten Fiscal Years	138
Tax Levy and Tax Collections – Last Ten Fiscal Years	139
Certified Assessed Values and Estimated Value of All Net Taxable Property Last Ten Fiscal Years	140
Net Taxable Assessed Valuations by Category – Last Five Fiscal Years	141
Property Values and New Construction – Last Ten Calendar Years	143
Tax Rate and Tax Levy – Last Ten Fiscal Years	145
Property Tax Rates – Direct and All Overlapping Governments – Last Ten Fiscal Years	147
Ten Largest Taxpayers – As of September 30, 2004	149
Ratio of Tax Supported Bonded Debt to Net Taxable Assessed Value And Bonded Debt Per Capita – Last Ten Fiscal Years	150

Valuation and Debt Information for Fiscal Year Ending September 30, 2004	151
Computation of Legal Debt Margin	154
Net Direct and Overlapping Bonded Debt Payable from Property Taxes – As of September 30, 2004	155
Ratio of Annual Debt Service for General Obligation Bonded Debt to Total General Expenditures, Excluding Other Financing Uses – Last Ten Fiscal Years	156
Park Venue Sales Tax Revenue Bonds – Coverage of Maximum Annual Debt Service – Last Ten Fiscal Years	
Revenue Bond Coverage – Water and Wastewater Bonds – Last Ten Fiscal Years	
Authorized But Unissued General Obligation Bonds – As of September 30, 2004	
Authorized But Unissued Revenue Bonds – As of September 30, 2004	
Water and Wastewater Contracts – Components of Payments Made Under Selected Contracts – Last Ten Fiscal Years	161
Demographic Statistics – Last Ten Fiscal Years	163
Miscellaneous Statistics	164



March 30, 2005

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

We are pleased to present the City of Grand Prairie (the "City") Comprehensive Annual Financial Report (CAFR) for the year ended September 30, 2004. This report was prepared by the City's financial staff and audited by Deloitte & Touche. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, copy of certificate of achievement in CAFR reporting, a list of principal officials, the City's organizational chart, a list of principal officials, and an area map. The financial section includes the Management Discussion and Analysis (MD&A), government-wide and major fund presentations, required supplementary information, combining individual fund statements, and additional schedules as well as the independent auditors' report on the basic financial statements and schedules. The statistical section includes various selected financial and demographic information, generally presented on a multiyear basis.

In addition to issuance of the CAFR, the independent auditors have performed a Single Audit and issued auditor reports on the City's federal and state awards for the fiscal year ended September 30, 2004. The City's Single Audit Report is separately available by contacting the City's Finance Department.

### GENERAL INFORMATION

The City was incorporated in 1909. It is governed by an elected mayor and eight-member council under a Council-Manager form of government. The Mayor and eight City Council members are elected to staggered three-year terms. The Mayor is elected at-large, and the City Council is elected two at-large and six single member districts.

The City is one of the mid-cities in the Dallas-Fort Worth metropolitan area. It is located 12 miles west of downtown Dallas, 18 miles east of downtown Fort Worth, and 6 miles south of D/FW International Airport. The City occupies a land area of more than 81 square miles and serves an estimated population of 141,450.

The City provides a full range of services, including but not limited to police and fire protection; public libraries; the construction and maintenance of streets, and other

infrastructure; water and wastewater service; solid waste collection and disposal; storm water utility; a municipal airport; municipal golf courses, and other recreational activities and cultural events. Eleven Public Improvement Districts and three Tax Increment Financing Districts, none of which are legally separate entities, are included in the City's reporting entity. Two legally separate entities are to an extent under the control of the City and are therefore included as component units in the City's financial report. The component units are the Grand Prairie Sports Facilities Development Corporation (the "Sports Corporation"), which owns the Lone Star Park at Grand Prairie horse track facility, and the Grand Prairie Housing Finance Corporation (HFC), which was created to issue tax-exempt mortgage revenue bonds to provide affordable housing to low-to-moderate income citizens.

## **ECONOMIC CONDITIONS AND OUTLOOK**

The City's outlook is favorable for a number of reasons: its diversified economy, developable land and location in the center of the Dallas-Fort Worth metroplex. Approximately 35% of the City's land area is undeveloped.

The City was not immune to the effects of the regional and national economic downturn, but was only mildly affected, and recovery is now underway. Sales tax revenues increased over 6% in 2004 compared to 2003 and are continuing to trend up. Property tax assessed values have increased every year for the past nine years and there is reason to expect continued improvement because of strong building permit activity. Building permits are a good indicator of future new growth on the property tax base, and the value of permits issued in 2004 was the highest ever for the City. Permits for new single-family residences is especially strong – a new house was built every five hours in the City. The City's population is expected to continue to grow for the near future as significant planned residential communities develop.

Some of the major development projects in planning or construction are:

- ◆ Wynne Jackson continued development of The Grand Peninsula, a 400-acre housing project featuring 1,300 homes on Estes Peninsula.
- ◆ Hanover Property Co. is developing Mira Lagos and Mira Lagos East, housing projects with combined plans to build 2,750 homes on Estes Peninsula.
- ◆ Development of the Grand Lakes Business Park on IH 30 is underway. The project will add approximately \$80,000,000 to the city's tax roll.
- ◆ Construction of SH 161 providing north-south access is imminent. The decision to finance the project as a toll road greatly accelerated the construction schedule and also freed up federal and state highway funds for other thoroughfare projects in the city, including construction of access roads on IH 30 and IH 20.



Major private sector employers are:

<u>Company Name</u>	<u>Product or Service</u>	<u>Estimated Number of Employees</u>
Lockheed Missiles & Fire Control	Research and development: missiles, rocket space systems	2,700
Lone Star Park at Grand Prairie	Class I horse race track	1,400
Poly-America, Inc.	Polyethylene film, trash bags and lawn edging	1,350
Bell Helicopter Textron	Helicopter transmissions, gear boxes	900
Hanson Pipe & Products	Manufacturer of large concrete pipes for drainage projects	500
SAIA Motor Freight Line	Freight Haulers	500
Pollock Paper	Corrugated and solid fiber box manufacturing	500
Wal-Mart	Ware-house club and superstore	500
Siemens Energy and Automation, Inc.	Manufacturing of lighting and power panels and switchboards	400
Office Depot Sales and Distribution Center	Sales and distribution center for office products supplier.	400
Republic Beverage Company	Wine and spirits wholesaler and distributor	400
Solvay Engineered Polymers	Designs and produces polymers for the automobile industry	400

## **MAJOR INITIATIVES**

The City of Grand Prairie is currently putting the finishing touches on a long-range plan for future land use, development and investment decisions. This Comprehensive Plan, which extends to the year 2015, will be updated periodically and will consider issues such as land use, transportation, utilities, public safety, municipal facilities and the cost of City services. The Comprehensive Plan will incorporate existing policies and plans adopted by the City Council and will recommend additional development-related policies.

A citizen survey was taken in 2004 in which 85% of respondents indicated they are satisfied with the quality of life in Grand Prairie; 73% feel they get their money's worth for their tax dollars; 68% have a significantly high degree of confidence in the management of the city.

The City has numerous capital projects and economic development initiatives in planning or underway that will ultimately increase the City's property tax base. generate additional

general revenues for the City, and improve services in meeting the needs of its citizens. Some examples of 2004 accomplishments are:

- ◆ Opened the Grand Prairie Memorial Gardens and Mausoleum, one of the only municipally owned cemeteries opened in Texas in recent years. \$1 million in lots were pre-sold and the Garden of Peace was sold out before opening.
- ◆ Hosted the Breeders' Cup races at Lone Star Park in Grand Prairie. Grand Prairie's name appeared in 1,510 newspapers worldwide.
- ◆ Invested \$4 million from the ¼ cent sales tax for streets: upgraded 11 miles on 23 streets; 8,400 feet of alleys; and leveled 43 sites.
- ◆ Invested \$4 million from the ¼ cent sales tax for parks: built five playgrounds, designed Bowles Life Center and Bear Creek Park, and made numerous other improvements to the parks and recreation system.
- ◆ Opened Belt Line, Bardin Road, Mayfield and Lone Star Levee roads and the Carrier extension.
- ◆ Added wireless internet access at the libraries.
- ◆ Citizens voted to allow the sale of beer and wine in grocery stores.

## FINANCIAL INFORMATION

### Property Taxes

All eligible property within the City is subject to assessment, levy and collection of ad valorem taxes sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. Under State law, the City is limited to a maximum tax rate of \$2.50 per \$100 assessed valuation.

The properties in the City are assessed market and taxable values by the Dallas Central Appraisal District, a count-wide appraisal agency. The historic and current property tax rates and levies are as follows:

	<u>FY 2005</u>	<u>FY 2004</u>	<u>FY 2003</u>	<u>FY 2002</u>	<u>FY 2001</u>
Per \$100 Assessed Value:					
Debt Service Fund	.195287	.195287	.195287	.195287	.195617
General Fund	<u>.474711</u>	<u>.474711</u>	<u>.474711</u>	<u>.474711</u>	<u>.474381</u>
Total	.669998	.669998	.669998	.669998	.669998

In 2004 the City adopted the recently authorized local option to freeze city property taxes for over-65 and disabled homesteads.

### **Accounting and Budgetary Controls**

The City has a comprehensive accounting and budgetary information system. City management and the City Council receive quarterly interim financial statements and accompanying analyses. The City has a balanced General Fund budget, with current revenues plus the reserve for encumbrances at least equal to current expenditures, as more fully explained in the notes to the financial statements.

The City has a comprehensive set of internal controls which are reviewed annually as part of the independent audit. Management and accounting internal control recommendations by the independent accountants are seriously evaluated and conscientiously implemented by the City. An internal auditor provides City staff the ability to document and implement more comprehensive internal controls as well as to evaluate them.

The City Council has a three-member Finance and Government Committee whose members provide guidance to the City in budgetary, audit, internal control, and other significant financial matters.

### **Financial Management Policies**

The City's financial operations are guided by comprehensive financial policies. The purpose statement of the Financial Management Policies (FMP's) reads in part; "The overriding goal of the FMP's is to enable the City to achieve a long-term stable and positive financial condition. The watchwords of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure."

The scope of the policies spans accounting, auditing, internal and external financial reporting, internal controls, operating and capital budgeting, revenue management, asset/cash management, expenditure control, financial condition and reserves, and staffing and training. Debt management policies, investment policies, and purchasing guidelines are addressed in separate documents.

The policies, which are reviewed by the City Council annually, were last updated in April, 2004. They provide guidance both to the City staff in making day-to-day financial decisions and to the City Council in making policy level financial decisions.

### **Debt Management**

In August, 1992, the City Council approved comprehensive Debt Management Policies for the City. The policies are a subset of the City's Financial Management Policies. The Debt Management Policies set forth comprehensive guidelines for the financing of capital expenditures. The policies were last updated in January, 2001. The City was compliant with debt coverage ratios set forth by bond covenants and debt management policies.

The City's current bond ratings by Moody's and Fitch IBCA are as follows:

	<u>Moody's</u>	<u>Fitch IBCA</u>
General Obligation	Aa3	AA
Water/Wastewater Revenue	Aa3	AA
Sales Tax Revenue	A1	AA-

### **Cash Management**

The City Council adopted Comprehensive Investment Policies in March, 1986 which were last updated in January, 2001. The policies are a subset of the City's Financial Management Policies and delineate the Finance Department's responsibilities in investing the City's cash. These policies are discussed in the notes. The City remains in compliance with the adopted investment policies. At September 30, 2004 the average remaining maturity was 293 days. The maximum weighted average maturity by policy is 365 days. The maximum maturity was two years, six months with the maximum allowed maturity according to policy being three years. Approximately 65% of total investments mature within the next year.

The City requires that all deposits be collateralized with securities held in joint accounts at the Federal Reserve. Investments are always executed delivery-versus-payment, and investment securities are held in the City's custodian trust account. During fiscal year 2004, the City collected cash basis interest earnings of approximately \$2,198,097 on an average invested balance of \$134,905,080. The City's average return on investments for the fiscal year was approximately 1.62%. The average return on investments does not reflect any changes in unrealized gain or loss on investments held at year end. The City had an unrealized gain on its pooled investments of approximately \$171,349.

## **OTHER MATTERS**

### **Independent Audit**

Pursuant to Article 4, Section 31, of the City Charter, the City books and accounts must be audited annually. The annual audit for the year ended September 30, 2003, was performed by Deloitte & Touche, LLP, whose report is contained in the Financial Section. The report on the audit of the City's federal and state awards was also performed by Deloitte & Touche, LLP in accordance with the Single Audit Act of 1996, and is bound under separate cover. The Single Audit Report may be obtained from the City's Finance Department.

## Certificate of Achievement

The City's dedication to full financial disclosure is evidenced by its participation in the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting ("Certificate of Achievement") program.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

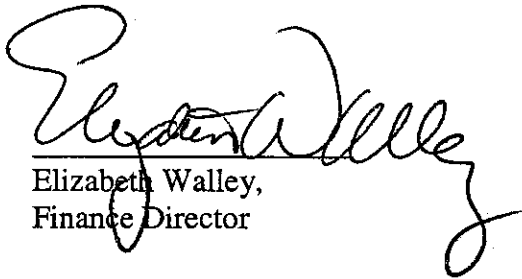
A Certificate of Achievement is valid for a period of one year only. The City has been awarded the GFOA Certificate of Achievement on its comprehensive annual financial reports each year for fiscal years ending 1985 through 2003. The City believes the 2004 CAFR will meet the GFOA Certificate of Achievement program requirements. The City will submit its 2004 CAFR to GFOA to determine its eligibility for another Certificate of Achievement.

## Acknowledgments

The preparation of the CAFR could not have been accomplished without the dedicated work of the entire Accounting Division staff, Cash and Debt Manager Tannie Camarata, and Special District Administrator Lee Harriss. Thanks are due also to Vivian Parker for administrative support, and Ken Unkart for graphics assistance.

Additionally, thanks are extended to the City Council and Finance and Government Committee for their support and encouragement of sound financial management and comprehensive accounting and reporting for both internal and external uses.

Sincerely,



Elizabeth Walley,  
Finance Director



Tom Hart  
City Manager





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# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grand Prairie,  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2003

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

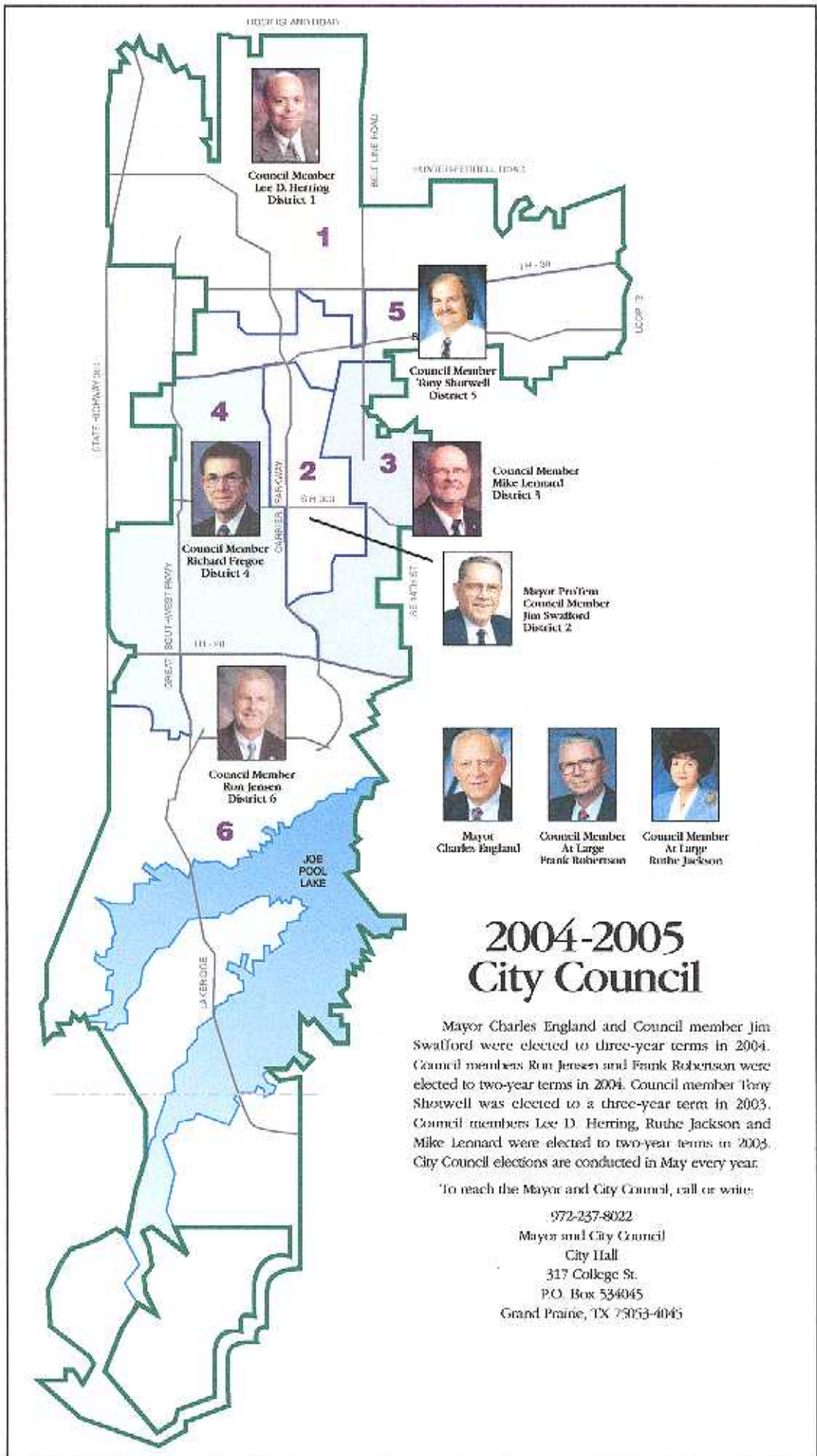


*Nancy L. Ziehl*

President

*Jeffrey R. Emmer*

Executive Director



## 2004-2005 City Council

Mayor Charles England and Council member Jim Swafford were elected to three-year terms in 2004. Council members Ron Jensen and Frank Roberson were elected to two-year terms in 2004. Council member Roy Shorwell was elected to a three-year term in 2003. Council members Lee D. Herring, Ruth Jackson and Mike Leonard were elected to two-year terms in 2003. City Council elections are conducted in May every year.

To reach the Mayor and City Council, call or write:

972-237-8022  
 Mayor and City Council  
 City Hall  
 317 College St.  
 P.O. Box 534045  
 Grand Prairie, TX 75053-4045

**CITY OF GRAND PRAIRIE, TEXAS**

**DIRECTOR OF CITY OFFICIALS**

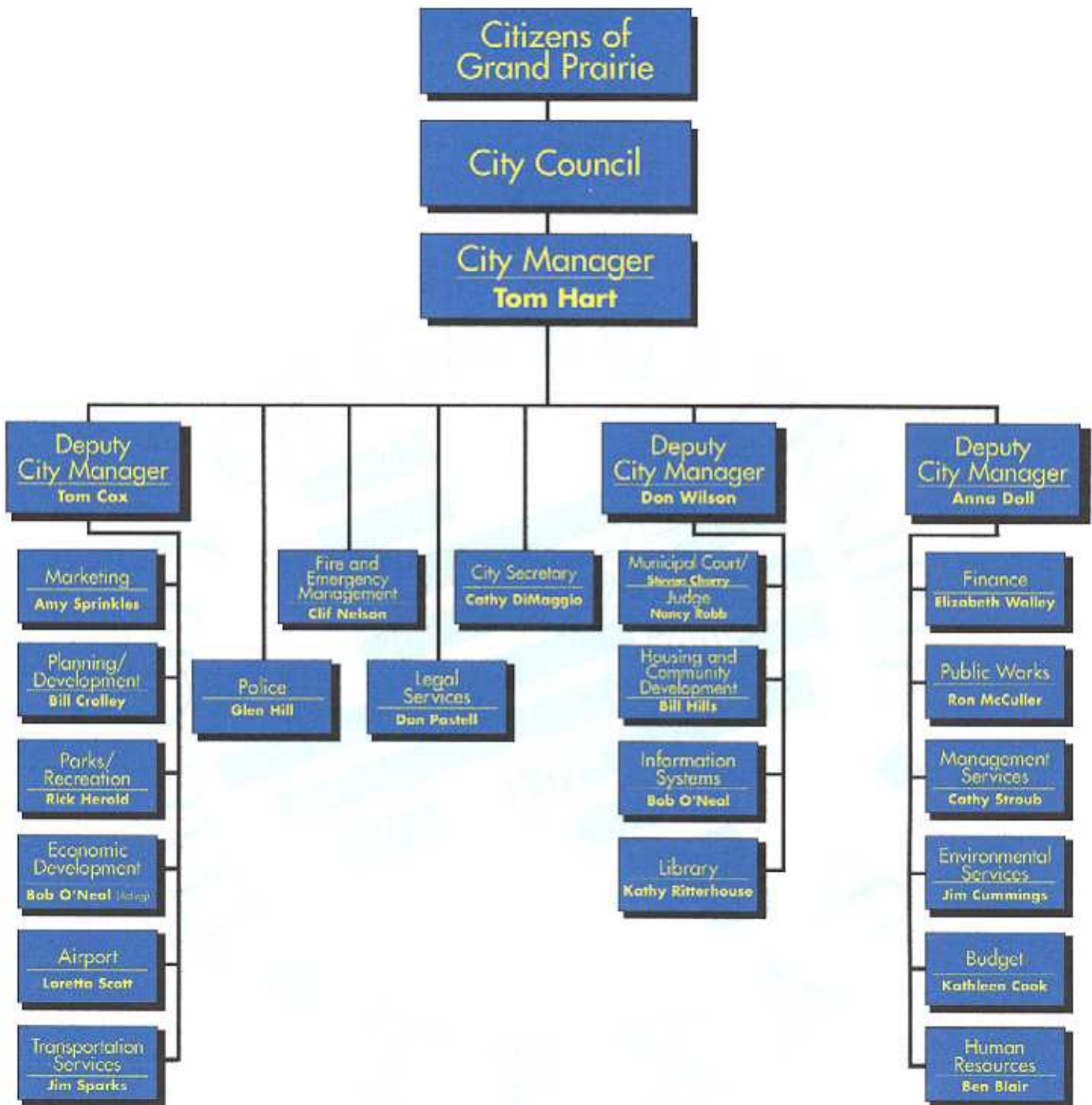
**MAYOR AND CITY COUNCIL**

Charles England	Mayor At Large
Lee D. Herring	District 1
Jim Swafford	Mayor Pro Tem - District 2
Mike Lennard	District 3
Richard Fregoe	District 4
Tony Shotwell	District 5
Ron Jensen	District 6
Ruthe Jackson	At Large – Place 7
Frank Robertson	At Large – Place 8

**EXECUTIVE MANAGERS**

Tom Hart	City Manager
Tom Cox	Deputy City Manager
Anna Doll	Deputy City Manager
Don Wilson	Deputy City Manager
Ben Blair	Human Resources Director
Randy Byers	Airport Director
Steven Cherry	Court Services Director
Kathleen Cook	Budget Director
Bill Crolley	Director of Planning & Development
Jim Cummings	Environmental Services Director
Cathy DiMaggio	City Secretary
Rick Herold	Parks & Recreation Director
Glen Hill	Police Chief
Bill Hills	Housing & Neighborhood Services Director
Ron McCuller	Public Works Director
Clif Nelson	Fire Chief
Bob O'Neal	Economic Development & Information Technology Director
Don Postell	City Attorney
Kathy Ritterhouse	Library Director
Nancy Robb	Municipal Court Judge
Jim Sparks	Transportation Director
Amy Sprinkles	Marketing Director
Cathy Stroub	Management Services Director
Elizabeth Walley	Finance Director

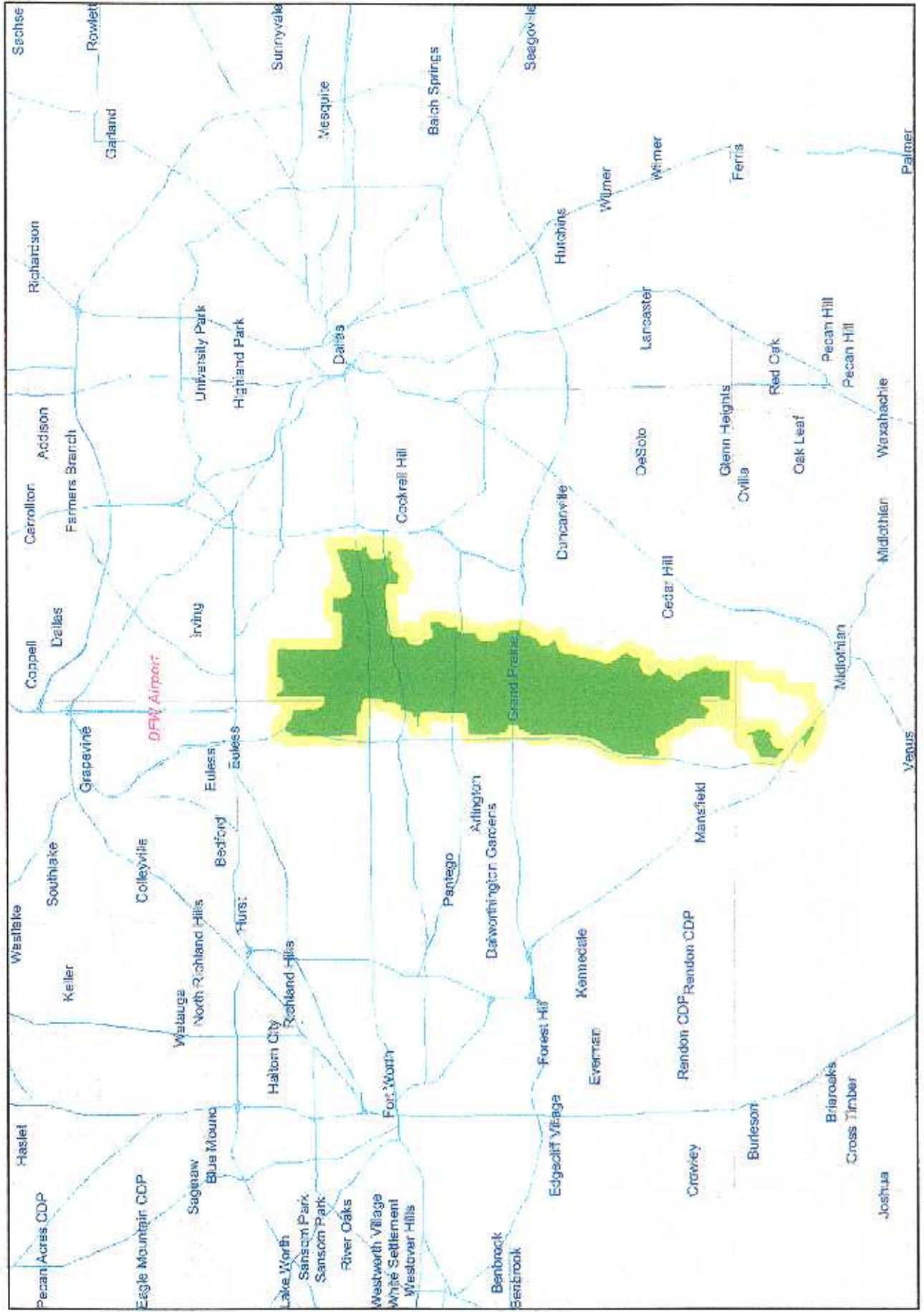
# City of Grand Prairie Organizational Chart





# City of Grand Prairie, Texas

Located in the middle of the Dallas-Fort Worth Metroplex





Deloitte & Touche LLP  
JPMorgan Chase Tower  
2200 Ross Avenue, Suite 1600  
Dallas, TX 75201-6778  
USA

Tel: +1 214 840 7000  
www.deloitte.com

## INDEPENDENT AUDITORS' REPORT

Members of the City Council  
City of Grand Prairie, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information of the City of Grand Prairie, Texas (the "City"), as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on the respective financial statements based on our audit. We did not audit the component unit financial statements for the Grand Prairie Housing Finance Corporation, which reflect total assets of \$22,340,189 as of September 30, 2004 and total operating revenues of \$2,852,357 for the year then ended, and which represent 19% and 62% of the total assets and operating revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors 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 of material misstatement. The component unit financial statements of the Grand Prairie Sports Facilities Development Corporation and the Grand Prairie Housing Finance Corporation were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our report 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, business-type activities, aggregate discretely presented component units, each major fund and aggregate remaining fund information of the City of Grand Prairie, Texas, as of September 30, 2004 and the respective changes in financial position and respective cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis; the budgetary comparisons for the General Fund, Park Venue Fund and Section 8 Fund; and the Schedule of Funding Progress and Employer Contributions—Texas Municipal Retirement System are not required parts of the financial statements, but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of the City. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. This supplementary information is the responsibility of the City's management. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in our audit of basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Deloitte & Touche LLP*

March 30, 2005

# MANAGEMENT'S DISCUSSION & ANALYSIS



**CITY OF GRAND PRAIRIE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

As management of the City of Grand Prairie, Texas (the "City"), we offer to readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2004. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal. Also, unless otherwise indicated, all amounts presented are for the City's primary government and exclude any component unit.

**FINANCIAL HIGHLIGHTS**

- ❖ The assets of the City exceeded its liabilities (*net assets*) at September 30, 2004 by \$397,494,429. Of this amount, \$105,511,294 may be used to meet the government's ongoing obligations to citizens and creditors (*unrestricted net assets*).
- ❖ The City's net assets increased by \$48,206,704 for the fiscal year ended September 30, 2004. Capital contributions from private developers for improvements to the City's infrastructure accounted for \$34,651,926 or 72 percent of the increase in City net assets.
- ❖ The City's governmental funds reported combined ending fund balances of \$94,026,768 at September 30, 2004, an increase of \$7,098,147 in comparison with prior year combined fund balances. Of the governmental funds reported combined fund balances, \$82,033,298 or 87 percent is available for spending within City guidelines (*unreserved fund balance*).
- ❖ The City's unreserved fund balance for the general fund was \$18,301,467 at year end or 29 percent of total general fund expenditures for the reported fiscal year.
- ❖ The City's total long-term liabilities of \$212,177,811 increased by \$27,589,336 or 15 percent during the reported fiscal year. In fiscal year 2004, the City issued general obligation, certificates of obligation, water and wastewater revenue, and TIF-related certificates of obligation bonds totaling a combined \$50,055,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Such supplementary information is unaudited and is presented to provide the reader with additional information for further analysis.

**Government-wide financial statements.** The government-wide financial 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.

The statement of net assets present information on all of the City's assets and liabilities, with difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.



The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include the public safety, recreation and leisure, development services, and the general government support services. Development services includes among other services the City's planning, public works, transportation, housing, and community development activities. The business-type activities of the City include water and wastewater system, a solid waste sanitary landfill, a storm water drainage utility system, a 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 the Lone Star Park at Grand Prairie horse track facility. The City levied and collects a one-half cent sales and use tax to finance the racetrack project.

**Fund financial statements.** 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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The City does not have any funds that are used to account for resources held for the benefit of parties outside the government (fiduciary funds).

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has five major governmental funds: General Fund, Section 8 Fund, Park Venue Fund, Street Improvements Fund, and Debt Service Fund. Information is presented separately in the

governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the major governmental funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriating budget for its General Fund and certain other governmental funds of significance to governance. A budgetary comparison statement has been provided for the General Fund, Section 8 Fund and Park Venue Fund to demonstrate compliance with this budget.

**Proprietary funds.** The City maintains two different types of proprietary 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 respective water and wastewater system, solid waste sanitary landfill, storm water utility, municipal airport, and municipal golf courses operating, investing, and financing activities. 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.

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 three are major enterprise funds: the Water Wastewater Fund, the Municipal Golf Fund, and the Solid Waste Fund. Data from the other enterprise funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report. 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.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$397,494,429 at year end. The City had total assets at year end of \$637,989,959. The City's pooled cash and investments totaling \$144,259,947 and capital assets (e.g., land, buildings, equipment, infrastructure, and

construction in progress), net of accumulated depreciation totaling \$482,692,252 represented 23 percent and 76 percent, respectively, of total government assets.

The City's investment in capital assets, less any related debt used to acquire those assets that is still outstanding, totaled \$284,786,086 and represented 72 percent of the City's total net assets at year end. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this 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 assets at year end compared to the prior year.

**Table 1**  
**Net Assets**

	Governmental Activities		Business - Type Activities		Total Primary Government	
	9/30/03	9/30/04	9/30/03	9/30/04	9/30/03	9/30/04
Cash & investments	\$ 88,056,705	\$ 95,005,663	\$ 38,719,894	\$ 49,254,284	\$ 126,776,599	\$ 144,259,947
Other current assets	13,838,087	7,452,317	3,344,574	3,585,443	17,182,661	11,037,760
Capital assets, net	<u>276,726,453</u>	<u>329,171,003</u>	<u>142,967,004</u>	<u>153,521,249</u>	<u>419,693,457</u>	<u>482,692,252</u>
Total assets	378,621,245	431,628,983	185,031,472	206,360,976	563,652,717	637,989,959
Current liabilities	21,498,377	20,744,900	8,278,140	7,572,819	29,776,517	28,317,719
Long-term bonded debt	142,577,234	159,793,089	30,582,677	41,170,533	173,159,911	200,963,622
Other noncurrent liabilities	<u>9,202,117</u>	<u>8,101,672</u>	<u>2,226,447</u>	<u>3,112,517</u>	<u>11,428,564</u>	<u>11,214,189</u>
Total liabilities	173,277,728	188,639,661	41,087,264	51,855,869	214,364,992	240,495,530
Net assets:						
Invested in capital assets net of related debt	148,513,124	174,584,254	112,136,902	110,683,391	260,650,026	285,267,645
Restricted	5,475,006	3,167,064	3,953,911	3,548,429	9,428,917	6,715,493
Unrestricted	<u>51,355,387</u>	<u>65,238,004</u>	<u>27,853,395</u>	<u>40,273,287</u>	<u>79,208,782</u>	<u>105,511,291</u>
Total net assets	<u>\$ 205,343,517</u>	<u>\$ 242,989,322</u>	<u>\$ 143,944,208</u>	<u>\$ 154,505,107</u>	<u>\$ 349,287,725</u>	<u>\$ 397,494,429</u>

A portion of the City's net assets totaling \$6,715,490 or 2 percent represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizen's and creditors.

At the fiscal year end, the City is able to report positive balances in all three categories of net assets, for both governmental and business-type activities.

The City's net assets increased by \$48,206,704 in fiscal year 2004. As previously mentioned, \$34,651,926 or 67 percent of the increase is attributable to the revenue recognition of private developer capital contributions for improvements to the City's infrastructure. The remaining increase represents the degree to which revenues have exceeded expenses.

The fiscal year 2004 compared to fiscal 2004 changes in the City's net assets were as follows:

Table 2  
Changes in Net Assets

	Governmental Activities		Business - Type Activities		Total Primary Government	
	9/30/03	9/30/04	9/30/03	9/30/04	9/30/03	9/30/04
Revenues:						
Program revenues:						
Charges for services	\$ 16,705,400	\$ 20,003,601	\$ 45,317,096	\$ 44,161,419	\$ 62,022,496	\$ 64,165,020
Operating grants and contributions	25,635,211	27,628,031	335,737	2,140,958	25,970,948	29,768,989
Capital grants and contributions	27,114,193	26,900,978	7,044,598	10,169,562	34,158,791	37,070,540
General revenues:						
Property tax	43,194,279	46,952,102			43,194,279	46,952,102
Sales tax	22,560,923	23,970,012			22,560,923	23,970,012
Other taxes	1,316,910	1,054,409			1,316,910	1,054,409
Franchise fees	9,400,450	6,294,469			9,400,450	6,294,469
Investment income	1,328,820	1,804,705	1,231,038	192,188	2,559,858	1,996,893
Other	847,258	2,811,908			847,258	2,811,908
Total revenues	<u>\$ 148,103,444</u>	<u>\$ 157,420,215</u>	<u>\$ 53,928,469</u>	<u>\$ 56,664,127</u>	<u>\$ 202,031,913</u>	<u>\$ 214,084,342</u>
Expenses:						
Support services	\$ 12,898,644	\$ 13,014,368	\$	\$	\$ 12,898,644	\$ 13,014,368
Public safety	50,916,655	49,831,335			50,916,655	49,831,335
Recreation and leisure	10,741,472	13,276,399			10,741,472	13,276,399
Development and other services	37,605,023	39,071,130			37,605,023	39,071,130
Interest on long-term debt	5,754,130	6,305,446			5,754,130	6,305,446
Water and wastewater			30,016,378	31,405,404	30,016,378	31,405,404
Municipal golf course			3,197,612	3,234,336	3,197,612	3,234,336
Solid waste			5,499,602	7,326,711	5,499,602	7,326,711
Municipal airport			1,621,636	1,739,208	1,621,636	1,739,208
Storm water utility			801,473	673,302	801,473	673,302
Total expenses	<u>117,915,924</u>	<u>121,498,678</u>	<u>41,136,701</u>	<u>44,378,961</u>	<u>159,052,625</u>	<u>165,877,639</u>
Increase in net assets before transfers	29,999,885	35,921,538	12,847,351	12,285,166	42,979,288	48,206,704
Transfers	<u>2,962,060</u>	<u>1,724,267</u>	<u>(2,962,060)</u>	<u>(1,724,267)</u>		
Increase in net assets	33,149,580	37,645,805	9,829,708	10,560,899	42,979,288	48,206,704
Net assets-beginning of year	172,193,937	205,343,517	134,114,500	143,944,208	306,308,437	349,287,725
Net assets-end of year	<u>\$ 205,343,517</u>	<u>\$ 242,989,322</u>	<u>\$ 143,944,208</u>	<u>\$ 154,505,107</u>	<u>\$ 349,287,725</u>	<u>\$ 397,494,429</u>

The changes in the City's general revenues from prior year excluding contributions and transfers were as follows:

**Table 3**  
**General Revenues Comparison**  
**For the Year Ended**

	Fiscal Year	Fiscal Year	Increase
	<u>9/30/03</u>	<u>9/30/04</u>	<u>(Decrease)</u>
Governmental activities:			
Property taxes	\$ 43,194,279	\$ 46,952,102	\$ 3,757,823
Sales taxes	22,560,923	23,970,012	1,409,089
Other taxes	1,316,910	1,054,409	(262,501)
Franchise fees	9,400,450	6,294,469	(3,105,981)
Investment income	1,328,820	1,804,705	475,885
Other	<u>847,258</u>	<u>2,811,908</u>	<u>1,964,650</u>
Total governmental activities	78,648,640	82,887,605	4,238,965
Business-type activities:			
Investment income	1,231,038	192,188	(1,038,850)
Total business-type activities	<u>1,231,038</u>	<u>192,188</u>	<u>(1,038,850)</u>
Total general revenues	<u>\$ 79,879,678</u>	<u>\$ 83,079,793</u>	<u>\$ 3,200,115</u>

The City's \$562,965 decrease in investment income from prior year is entirely attributable to the change in market interest earnings rates. The City investment policy is to hold investments until maturity. Franchise fee revenue decreased \$3,105,981 because of a change in the accrual method for franchise fees.

**Governmental activities.** Governmental activities increased by \$37,645,805, thereby accounting for 78 percent of the total increase in the government's net assets. Of the increase, contributions of infrastructure by private developers to the city represented 69 percent. An increase in governmental general revenues (excludes operating transfers) compared to prior fiscal year represented 11 percent of the total increase in governmental net assets. The remaining increase represents the degree to which program revenues exceeded expenses. The City's operating grants and contributions revenues increased by \$1,992,820 reflecting increases in Section 8 revenue, impact fee revenue and increases in other operating grants. Increases in charges for services resulted from a high level of development activity and increases in fines and forfeits due to vigorous collection efforts. The increases were in part offset by the decrease in franchise fee revenue recognized, as described in the previous paragraph.

Expenses for governmental activities also increased. Employee pay raises, rising costs of health insurance and increased interest expense due to debt issuance were the primary factors.

**Business-type activities.** Business-type activities increased the City's net assets by \$10,560,899, accounting for 22 percent of the total growth in the primary government's net assets. Of the increase, contributions by private developers to the City's water and wastewater system

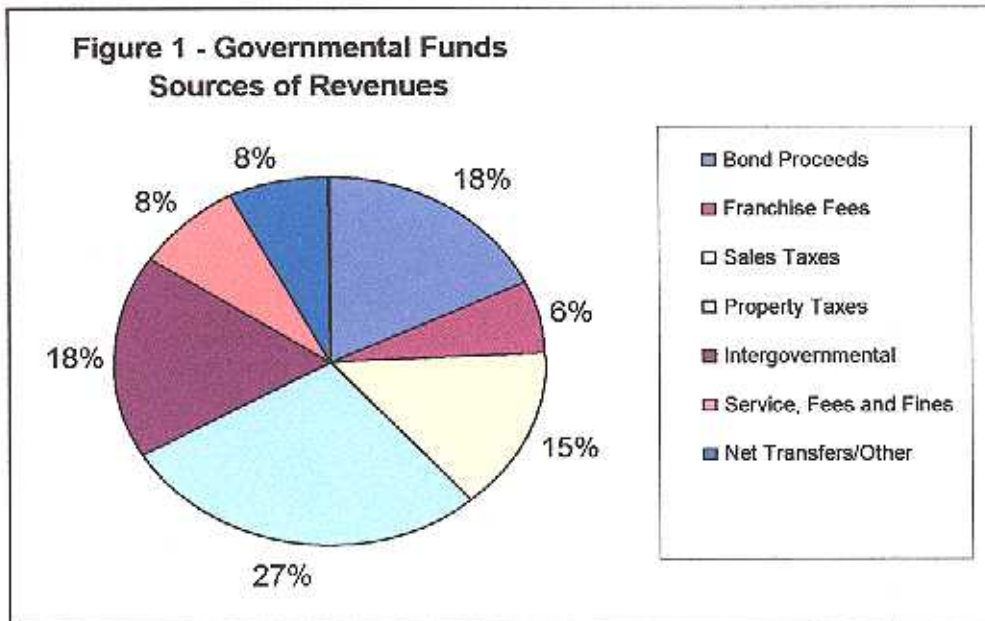
infrastructure represented \$8,684,872 or 82 percent. Table 2 summarizes the changes in business-type activities net assets.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

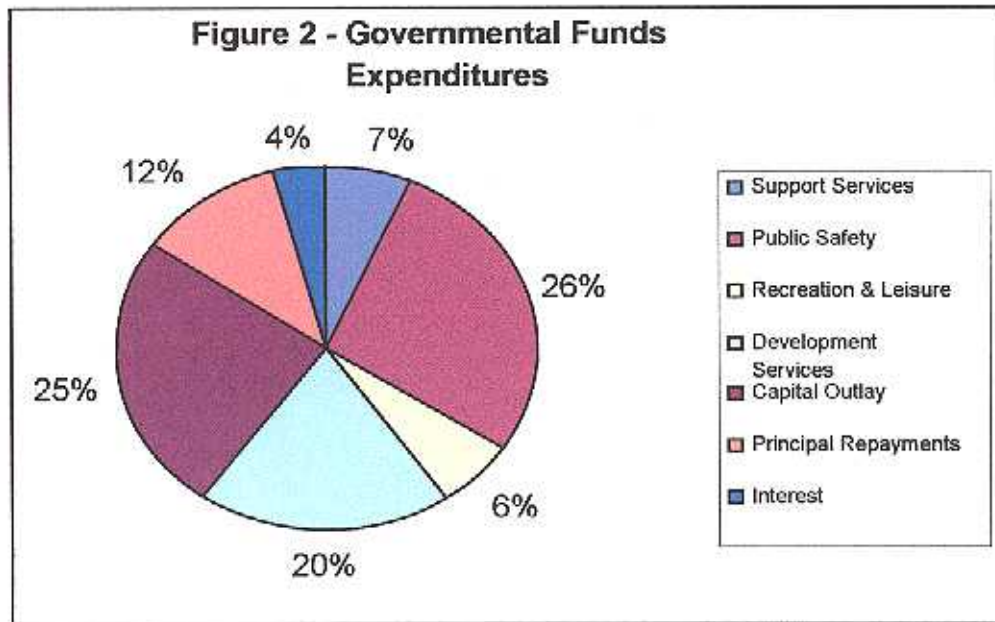
**Governmental funds.** The focus of City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure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

For fiscal year 2004, the City's governmental funds (excluding internal service funds) reported combined ending fund balances of \$94,026,768, an increase of \$7,098,147 in comparison with the prior year. The unreserved fund balance portion is 87 percent and is available for spending at the government's discretion. The remainder is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate inventories, contracts and purchase orders of the prior period - \$8,826,406, and 2) to pay debt service - \$3,167,064. Figures 1 and 2 below show the distribution of governmental funds sources of revenues - \$185,851,642 and expenditures - \$178,753,495 respectively, for fiscal year 2004.



Other sources of revenues include general fund general and administrative charges, transfers, gain on sale of capital assets, and other operating revenues.





The General Fund is the chief operating fund of the City. At the fiscal year end, unreserved fund balance of the General Fund was \$18,301,467, while total fund balance was \$19,138,272. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 29% of total general fund expenditures, while total fund balance represents 31% of that same amount. The City's General Fund balance increased by \$3,110,271 in fiscal year 2004. The General Fund reported increases in most revenues with small decreases in sales taxes and investment income.

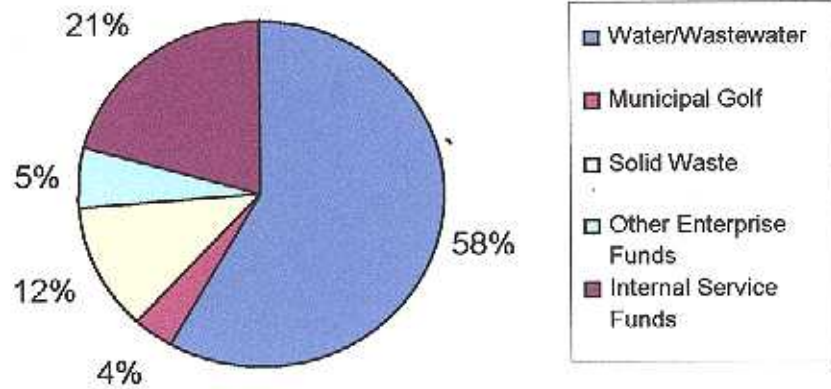
Net assets of several other governmental funds changed significantly. Net assets of the Park Venue Fund and Street Improvements Fund increased by \$1,994,355 and \$5,673,248, respectively, due to the issuance of bonds for public improvements. The net assets of the nonmajor governmental funds decreased by \$4,190,402 as proceeds of bonds issued in a prior year were spent.

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

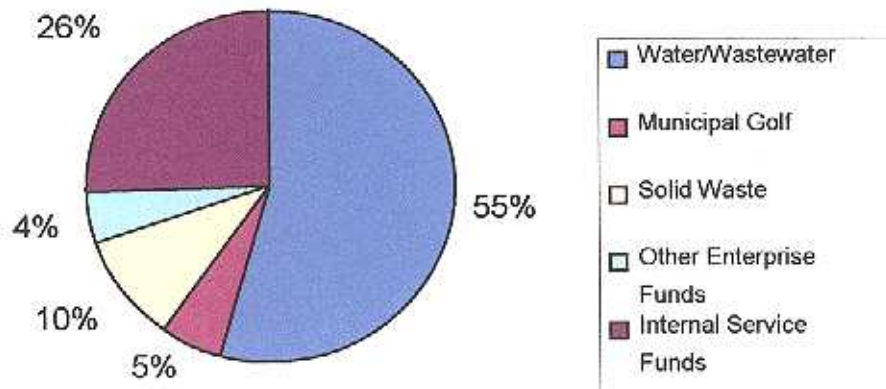
The net assets of the City's enterprise funds and internal service funds were \$153,770,280 and \$2,113,028, respectively at September 30, 2004. The City's internal service funds reported a loss before transfers and capital contributions of \$11,805. The enterprise funds' amount invested in capital assets, net of related debt represented 72 percent of total enterprise funds net assets. The enterprise funds unrestricted net assets were 26 percent of total enterprise funds net assets. The internal service funds' amount invested in capital assets, net of related debt represented 70 percent of total internal service funds' net assets. The internal service funds unrestricted net assets were 30 percent of total internal service funds' net assets. 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. Figures 3 and 4 below shows the proprietary funds revenues of \$61,138,707 and expenses of \$57,581,196 (excluding transfers and capital contributions) by activity.



**Figure 3 - Proprietary Funds Revenues by Activity**



**Figure 4 - Proprietary Fund Expenses by Activity**



**General Fund Budgetary Highlights**

Differences between the original budget and the final budget were minor. During the reported fiscal year, revenues exceeded budgetary estimates by \$2,462,416. Expenditures slightly exceeded budgetary estimates by \$215,665. The fund realized an increase in fund balance of \$3,110,271 due to higher than budgeted revenues for sales tax, franchise fees, charges for goods and services and fines and forfeits. The City traditionally budgets revenue conservatively which frequently results in positive budgetary variances.

## 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 \$482,692,252. This investment includes land, buildings, improvements other than buildings (includes infrastructure), machinery and equipment, and construction in progress. The City's capital assets increased by \$62,998,695 in fiscal year 2004.

Major capital asset events during the reported fiscal year included the following:

- ❖ Private developer capital contributions of \$34,651,926 to the City's streets, water, sewer, and drainage infrastructure in connection with various residential and commercial developments
- ❖ Capital outlay totaling \$5,575,811 for improvement of the City's parks and recreation facilities. Major improvements were made to facilities such as the Mountain Creek Soccer Complex and the Charlie Taylor Athletic Complex
- ❖ Capital outlay totaling \$3,404,573 for public safety relates to progress on a new city-wide radio system.
- ❖ Capital outlay totaling \$4,326,266 in the Municipal Facilities Fund for a municipal cemetery
- ❖ Water and wastewater system capital improvements and expansion totaling \$17,157,614

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

**Table 4**  
**Capital Assets \***

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>9/30/03</u>	<u>9/30/04</u>	<u>9/30/03</u>	<u>9/30/04</u>	<u>9/30/03</u>	<u>9/30/04</u>
Land	\$ 14,492,486	\$ 19,522,294	\$ 3,234,904	\$ 3,369,684	\$ 17,727,390	\$ 22,891,978
Construction in progress	58,645,327	77,209,140	9,921,145	10,273,742	68,566,472	87,482,882
Depreciable capital assets	309,296,957	352,585,932	199,047,470	216,798,074	508,344,427	569,384,006
Accumulated depreciation	(105,708,317)	(120,146,363)	(69,236,515)	(76,920,251)	(174,944,832)	(197,066,614)
Total capital assets, net	<u>\$ 276,726,453</u>	<u>\$ 329,171,003</u>	<u>\$ 142,967,004</u>	<u>\$ 153,521,249</u>	<u>\$ 419,693,457</u>	<u>\$ 482,692,252</u>

\* See footnote 3.a.2 for more detailed information on the City's capital assets.

**Long-term debt.** At September 30, 2004, the City had the following long-term liabilities excluding amounts due within one year:

	Long-Term Debt *					
	Governmental Activities		Business Type Activities		Total Primary Government	
	<u>9/30/03</u>	<u>9/30/04</u>	<u>9/30/03</u>	<u>9/30/04</u>	<u>9/30/03</u>	<u>9/30/04</u>
Bonded debt	\$ 142,577,234	\$ 159,793,089	\$ 30,582,677	\$ 41,170,533	\$ 173,159,911	\$ 200,963,622
Accrued Compensated absences	9,202,117	8,101,672	302,104	197,517	9,504,221	8,299,189
Closure and post closure liability			1,924,343	2,915,000	1,924,343	2,915,000
Total Long-Term Debt	<u>\$ 151,779,351</u>	<u>\$ 167,894,761</u>	<u>\$ 32,809,124</u>	<u>\$ 44,283,050</u>	<u>\$ 184,588,475</u>	<u>\$ 212,177,811</u>
Long-Term Debt to Net Assets Percentage	74%	69%	23%	29%	53%	53%

Of the total bonded debt excluding amounts due within one year, \$151,064,010 or 75 percent is debt backed by the full faith and credit of the government with a property tax pledge.

During the reported fiscal year, the City issued \$50,055,000 in new bonded debt and repaid principal on bonds totaling \$22,370,000. The City's interest expense on its bonded debt was \$7,642,964 for the reported fiscal year.

The City's bond ratings by Moody's and Fitch IBCA are currently as follows:

	<u>Moody's</u>	<u>Fitch IBCA</u>
General obligation bonds	Aa3	AA
Sales tax revenue bonds	Aa3	AA
Water and wastewater revenue bonds	A1	AA-

\* See footnote 3.b.2 to the financial statements for more detailed information on the City's long-term debt.

### **Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal year 2005 budget, tax rates, and fees that will be charged for the business-type activities. One of those factors is the economy. The population growth experienced by the City has stimulated residential and commercial development activity. The continued growth in population has placed additional demands on the City to maintain or expand services. The City's unemployment rate is currently approximately 5.7% which is typical for cities in the region. Median household effective buying income is \$42,571 per Sales and Marketing Management Magazine.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2005:

- ❖ An increase in property tax assessed values for a tenth consecutive year resulting in additional budgeted property tax revenues of \$1,392,007. The City's net taxable assessed property values increased by 4.4% to \$7,099,712,548 for fiscal 2005 as compared to prior fiscal year. The City did not change the property tax rate of 0.669998 per \$100 taxable value for fiscal year 2005.
- ❖ An 8% increase in budgeted sales taxes revenues as compared to prior fiscal year budget due to an expected continued improving economy. There is no change in the City's sales tax rate.
- ❖ The City's favorable bond ratings and continued low interest earnings and expense rates.

The City expects an overall increase in other general revenues of governmental activities from increased activity. Investment income is expected be lower than fiscal year 2004 because interest rates on new investments of surplus cash are lower than those on maturing securities.

The City's total approved operating appropriations and reserves for fiscal year 2005 is \$155,644,941 an increase of \$4,381,905 or 2.9% as compared to prior fiscal year original budget. The general fund approved appropriations for fiscal year 2005 is \$76,758,425, an increase of \$5,333,715 or 7.5% from prior year. The remaining change in total budgeted operating appropriations and reserves includes increases of \$860,000 in the Debt Service Fund, \$550,000 in the Lake Parks Fund, \$860,000 in the Street Maintenance Fund and \$1,500,000 in the Water Wastewater Fund. These increases and other minor increases are offset by a reclassification of capital expenditures in the Parks Venue Fund from the operating budget to the capital budget, with a corresponding operating budget reduction of \$5,200,000.

The City's total approved planned capital projects for fiscal year 2005 totaling \$32,237,995 as compared to \$30,232,295 for the prior fiscal year. The fiscal 2005 planned capital projects includes \$15,137,733 for water and wastewater improvements, \$7,912,066 in street and signal improvements, \$1,000,000 in parks improvements and \$2,199,825 in storm drainage improvement.

### **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 Finance Director, City of Grand Prairie, Texas, 317 College Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.

# BASIC FINANCIAL STATEMENTS



CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2004

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 1,264,031	\$ 22,500,514	\$ 23,764,545	\$ 4,642,852
Investments	18,726,099	21,482,668	40,208,767	
Receivables (net of allowance for uncollectibles):				
Property tax	173,548		173,548	
Franchise fees	441,746		441,746	
Sales tax	4,324,579		4,324,579	1,441,526
Other receivables	1,045,377	3,153,524	4,198,901	59,939
Due from other governments	1,309,500	27,163	1,336,663	
Inventories and supplies	157,567	404,756	562,323	
Current restricted assets:				
Cash and cash equivalents	22,637,006	387,427	23,024,433	12,998,160
Investments	52,378,527	4,883,675	57,262,202	
Total current assets	102,457,980	52,839,727	155,297,707	19,142,477
Noncurrent assets:				
Lease payments receivable				16,371,911
Deferred charges				470,760
Estimated unguaranteed residential value				73,262,294
Capital assets:				
Land	19,522,294	3,369,684	22,891,978	1,612,851
Buildings	57,011,078	7,238,249	64,249,327	10,514,932
Equipment	40,787,181	14,919,476	55,706,657	310,078
Infrastructure	254,787,673	194,640,349	449,428,022	
Construction in progress	77,209,140	10,273,742	87,482,882	
Less accumulated depreciation	(120,146,363)	(76,920,251)	(197,066,614)	(2,745,826)
Total noncurrent assets	329,171,003	153,521,249	482,692,252	99,797,000
Total assets	431,628,983	206,360,976	637,989,959	118,939,477
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,412,388	2,037,627	3,450,015	157,889
Accrued liabilities	3,003,988	129,910	3,133,898	132,252
Deferred revenue	96,908		96,908	
Accrued compensated absences	656,893	134,180	791,073	
Current liabilities payable from restricted assets:				
Customer deposits		1,722,676	1,722,676	34,575
Accrued liabilities	4,670,987	267,162	4,938,149	
Current portion of long term debt	10,903,736	3,281,264	14,185,000	4,691,054
Total current liabilities	20,744,900	7,572,819	28,317,719	5,015,770
Noncurrent liabilities:				
Accrued compensated absences	8,101,672	197,517	8,299,189	
Closure and postclosure liability		2,915,000	2,915,000	
Construction loan payable				2,632,711
Long term debt	159,793,089	41,170,533	200,963,622	26,696,811
Total noncurrent liabilities	167,894,761	44,283,050	212,177,811	29,329,522
Total liabilities	188,639,661	51,855,869	240,495,530	34,345,292
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	174,584,254	110,683,391	285,267,645	5,382,863
Restricted for:				
Debt service	3,167,064	3,548,426	6,715,490	570,269
Facility lease				72,653,154
Unrestricted	65,238,004	40,273,290	105,511,294	5,987,899
Total net assets	\$ 242,989,322	\$ 154,505,107	\$ 397,494,429	\$ 84,594,185

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

FUNCTIONS/ACTIVITY	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Support services	\$ 13,014,368	\$ 5,365,705	\$ 842,150	\$
Public safety services	49,831,335	8,040,487	1,875,913	
Recreation and leisure services	13,276,399	2,505,920	242,370	
Development services and other	39,071,130	4,091,489	24,667,598	26,900,978
Interest on long-term debt	6,305,446			
Total governmental activities	<u>121,498,678</u>	<u>20,003,601</u>	<u>27,628,031</u>	<u>26,900,978</u>
Business-type activities:				
Water and wastewater	31,405,404	31,377,178	1,801,871	10,169,562
Municipal golf course	3,234,336	2,053,784		
Solid waste	7,326,711	7,544,969		
Municipal airport	1,739,208	1,314,710	339,087	
Storm water	673,302	1,870,778		
Total business-type activities	<u>44,378,961</u>	<u>44,161,419</u>	<u>2,140,958</u>	<u>10,169,562</u>
Total primary government	<u>\$ 165,877,639</u>	<u>\$ 64,165,020</u>	<u>\$ 29,768,989</u>	<u>\$ 37,070,540</u>
Component units:				
Housing Finance Corporation	\$ 2,621,781	\$ 2,860,148	\$	\$
Sports Facilities Development Corporation, Inc.	5,559,362	1,781,677		1,046,791
Total component units	<u>\$ 8,181,143</u>	<u>\$ 4,641,825</u>	<u>\$</u>	<u>\$ 1,046,791</u>
General revenues:				
Taxes:				
Property tax				
Sales tax				
Hotel/motel tax and other taxes				
Franchise fees				
Investment income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning of year				
Net assets - end of year				

See accompanying notes to basic financial statements.

(Continued)



**Net (Expense) Revenue and  
Changes in Net Assets  
Primary Government**

Governmental Activities	Business-Type Activities	Total	Component Units
\$ (6,806,513)	\$	\$ (6,806,513)	\$
(39,914,935)		(39,914,935)	
(10,528,109)		(10,528,109)	
16,588,935		16,588,935	
<u>(6,305,446)</u>		<u>(6,305,446)</u>	
<u>(46,966,068)</u>		<u>(46,966,068)</u>	
	11,943,207	11,943,207	
	(1,180,552)	(1,180,552)	
	218,258	218,258	
	(85,411)	(85,411)	
	<u>1,197,476</u>	<u>1,197,476</u>	
	<u>12,092,978</u>	<u>12,092,978</u>	
<u>\$ (46,966,068)</u>	<u>\$ 12,092,978</u>	<u>\$ (34,873,090)</u>	<u>\$</u>
			238,367
			<u>(2,730,894)</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ (2,492,527)</u>
46,952,102		46,952,102	
23,970,012		23,970,012	7,990,003
1,054,409		1,054,409	
6,294,469		6,294,469	
1,804,705	192,188	1,996,893	64,382
2,811,908		2,811,908	
<u>1,724,267</u>	<u>(1,724,267)</u>		
<u>84,611,872</u>	<u>(1,532,079)</u>	<u>83,079,793</u>	<u>8,054,385</u>
37,645,805	10,560,899	48,206,704	5,561,858
<u>205,343,517</u>	<u>143,944,208</u>	<u>349,287,725</u>	<u>79,032,327</u>
<u>\$ 242,989,322</u>	<u>\$ 154,505,107</u>	<u>\$ 397,494,429</u>	<u>\$ 84,594,185</u>

(Concluded)

CITY OF GRAND PRAIRIE, TEXAS  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	General	Park Venue	Section 8	Street Improvements	Debt Service
<b>ASSETS</b>					
Cash and cash equivalents	\$ 634,936	\$ 6,271,118	\$ 213,436	\$ 5,577,384	\$ 2,586,648
Investments	16,620,570	8,480,266	311,211	17,605,314	996,077
Property tax receivable	173,548				
Sales tax receivable	2,883,053	720,763			
Franchise fees receivable	441,764				
Other receivables	55,144				
Inventory and supplies	3,719				
Due from other governments			418,767		
<b>Total assets</b>	<b>\$ 20,812,734</b>	<b>\$ 15,472,147</b>	<b>\$ 943,414</b>	<b>\$ 23,182,698</b>	<b>\$ 3,582,725</b>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 1,229,302	\$ 487,525	\$ 58,888	\$ 404,193	\$
Accrued liabilities	445,160	46,813	111,088		415,661
Cash overdraft					
Deferred revenue		3,300			
<b>Total liabilities</b>	<b>1,674,462</b>	<b>537,638</b>	<b>169,976</b>	<b>404,193</b>	<b>415,661</b>
Fund Balance:					
Reserved for:					
Encumbrances	833,086	492,385	584,495	3,278,541	
Inventory and supplies	3,719				
Bond debt service					3,167,064
Unreserved, designated for:					
Contingency	1,000,000				
Capital projects				19,499,964	
Unreserved, undesignated in:					
General Fund	17,301,467				
Special Revenue Funds		14,442,124	188,943		
<b>Total fund balance</b>	<b>\$ 19,138,272</b>	<b>\$ 14,934,509</b>	<b>\$ 773,438</b>	<b>\$ 22,778,505</b>	<b>\$ 3,167,064</b>
<b>Total liabilities and fund balance</b>	<b>\$ 20,812,734</b>	<b>\$ 15,472,147</b>	<b>\$ 943,414</b>	<b>\$ 23,182,698</b>	<b>\$ 3,582,725</b>

See accompanying notes to basic financial statements.

(Continued)

Other Governmental Funds	Total Governmental Funds
\$ 7,830,500	\$ 23,114,022
24,985,659	68,999,097
	173,548
720,763	4,324,579
	441,764
990,233	1,045,377
	3,719
890,733	1,309,500
<u>\$ 35,417,888</u>	<u>\$ 99,411,606</u>
\$ 1,305,371	\$ 3,485,279
783,911	1,802,633
93,626	96,926
<u>2,182,908</u>	<u>5,384,838</u>
3,634,180	8,822,687
	3,719
	3,167,064
	1,000,000
11,343,824	30,843,788
	17,301,467
18,256,976	32,888,043
<u>\$ 33,234,980</u>	<u>\$ 94,026,768</u>
<u>\$ 35,417,888</u>	<u>\$ 99,411,606</u>

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**CITY OF GRAND PRAIRIE, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2004**

**Total fund balance - total governmental funds** **\$ 94,026,768**

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet. This is the amount of governmental capital assets excluding internal service capital assets of \$1,247,737 327,922,385

Interest payable on long term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet. (899,617)

Internal service funds are used by management to charge cost of certain activities, such as employee health insurance, risk management insurance, and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net assets (net of amount allocated to business-type activities of \$734,827). 1,378,203

Noncurrent liabilities and the current portion of general long term debt are not reported as liabilities in the governmental fund balance sheet. This amount represents total noncurrent liabilities related to governmental activities but excluding internal service amount of \$16,973. (179,438,417)

**Net assets of governmental activities** **\$ 242,989,322**

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	General	Park Venue	Section 8	Street Improvements	Debt Service Fund
<b>REVENUE</b>					
Property tax	\$ 31,790,741	\$	\$	\$	\$ 12,912,072
Sales tax	15,980,008	3,995,002			
Other taxes	241,161				
Franchise fees	10,098,744				
Charges for goods and service	4,411,886	1,266,976			
Licenses and permits	2,165,298				
Fines and forfeits	4,823,234				
Special assessments					
Intergovernmental revenue	505,093		19,465,740		
General and administrative revenue	2,079,333	58,517			
Investment income	273,884	207,380	3,408		72,226
Contributions		135,028			
Other	393,215	349,016	22,873	12,944	
Total revenue	<u>72,762,597</u>	<u>6,011,919</u>	<u>19,492,021</u>	<u>12,944</u>	<u>12,984,298</u>
<b>EXPENDITURES</b>					
Current operations:					
Support services	7,872,019	97,687	7,687	100,706	8,599
Public safety services	41,523,522				
Recreation and leisure services	1,681,848	8,303,086			
Development services and other	10,835,274		19,257,126	4,218	
Capital outlay	618,062	5,575,812	76,047	13,388,964	
Debt service:					
Principal retirement		720,000			8,773,516
Interest expense		1,562,359			3,731,923
Total expenditures	<u>62,530,725</u>	<u>16,258,944</u>	<u>19,340,860</u>	<u>13,493,888</u>	<u>12,514,038</u>
Excess (deficiency) of revenue over (under) expenditures	<u>10,231,872</u>	<u>(10,247,025)</u>	<u>151,161</u>	<u>(13,480,944)</u>	<u>470,260</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,098,118	6,717,443	28,171	7,494,750	315,150
Transfers out	(8,219,719)	(391,063)	(163,520)	(1,503,784)	(293,315)
Sale of capital assets					
Issuance of bonds		5,915,000		13,163,226	
Refunding bonds issued					1,955,000
Payments to refunding escrow agent					(1,952,232)
Total other financing sources (uses)	<u>(7,121,601)</u>	<u>12,241,380</u>	<u>(135,349)</u>	<u>19,154,192</u>	<u>24,603</u>
Net change in fund balance	<u>3,110,271</u>	<u>1,994,355</u>	<u>15,812</u>	<u>5,673,248</u>	<u>494,863</u>
Fund balance at the beginning of the year	<u>16,028,001</u>	<u>12,940,154</u>	<u>757,626</u>	<u>17,105,257</u>	<u>2,672,201</u>
Fund balance at the end of the year	<u>\$ 19,138,272</u>	<u>\$ 14,934,509</u>	<u>\$ 773,438</u>	<u>\$ 22,778,505</u>	<u>\$ 3,167,064</u>

See accompanying notes to basic financial statements.

(Continued)

Other Governmental Funds	Total Governmental Funds
\$ 2,861,585	\$ 47,564,398
3,995,002	23,970,012
813,248	1,054,409
	10,098,744
1,060,581	6,739,443
132,788	2,298,086
235,779	5,059,013
642,734	642,734
7,331,351	27,302,184
	2,137,850
1,209,628	1,766,526
1,124,741	1,259,769
<u>2,708,803</u>	<u>3,486,851</u>
<u>22,116,240</u>	<u>133,380,019</u>
2,693,456	10,780,154
2,098,302	43,621,824
1,633,040	11,617,974
3,531,870	33,628,488
20,440,689	40,099,574
910,000	10,403,516
921,339	6,215,621
<u>32,228,696</u>	<u>156,367,151</u>
<u>(10,112,456)</u>	<u>(22,987,132)</u>
6,689,424	22,343,056
(9,862,711)	(20,434,112)
361,067	361,067
8,734,274	27,812,500
	1,955,000
	<u>(1,952,232)</u>
<u>5,922,054</u>	<u>30,085,279</u>
(4,190,402)	7,098,147
<u>37,425,382</u>	<u>86,928,621</u>
<u>\$ 33,234,980</u>	<u>\$ 94,026,768</u>

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**CITY OF GRAND PRAIRIE, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 7,098,147</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions recorded in government-wide statement of net assets in current period.	41,583,971
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds. This is the amount of depreciation expense except for \$121,876 expense of the Internal Service funds.	(15,009,586)
Governmental funds do not report developers' contributions as revenues, whereas these amounts are reported in the Statement of Activities as contributions not restricted to specific programs.	25,967,054
Compensated absences are accrued on the government-wide statement of net assets, but do not require the use of current financial resources. The current period change in compensated absences is reported in the government-wide statement of activities and changes in net assets. The current period change in compensated absences shown here is the amount not reported as expenditure in governmental funds which excludes \$16,627 from Internal Service Fund.	460,487
Accrued interest expense on long term debt is reported in the government-wide financial statements but not governmental funds as it does not require the use of current financial resources; therefore, this the current period accrued interest expense not reported as expenditure in governmental funds.	(89,825)
The issuance of long term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which long term debt proceeds exceed repayments.	(17,720,403)
Internal service funds are used by management to charge the costs of certain activities, such as employee insurance, risk management insurance, and fleet maintenance, to individual funds. The net expense of the internal service funds is reported with governmental activities (net of income amount allocated to business-type activities of \$30,978).	(227,469)
Property tax and franchise fee revenue was recognized at the fund level that was previously accrued at the government-wide level.	<u>(4,416,571)</u>
<b>Change in net assets of governmental activities</b>	<b><u>\$ 37,645,805</u></b>

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF NET ASSETS  
ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Business-Type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water Wastewater	Municipal Golf	Solid Waste	Other Nonmajor		
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 17,156,629	\$ 1,144,542	\$ 1,940,769	\$ 2,108,666	\$ 22,350,606	\$ 748,923
Investments	13,799,725	617,976	6,006,452	657,462	21,081,615	2,506,582
Accounts receivable	2,457,283		511,733	184,508	3,153,524	
Inventories and supplies	335,495			39,956	375,451	183,153
Due from other governments				27,163	27,163	
Current restricted assets:						
Cash and cash equivalents		288,053		99,374	387,427	188,000
Investments	4,531,526		352,149		4,883,675	
Total current assets	<u>38,280,658</u>	<u>2,050,571</u>	<u>8,811,103</u>	<u>3,117,129</u>	<u>52,259,461</u>	<u>3,626,658</u>
Capital assets:						
Land	751,089	568,284	1,748,378	183,923	3,251,674	737,566
Buildings	2,061,658	1,854,835	726,069	2,359,228	7,001,789	1,477,875
Equipment	9,270,063	1,104,515	3,743,352	512,425	14,630,355	1,807,008
Infrastructure	171,382,441	7,499,907	6,610,900	9,144,433	194,637,681	16,672
Construction in progress	8,770,301	626,200	307,170	570,071	10,273,742	
Less accumulated depreciation	(65,513,324)	(3,718,300)	(2,919,855)	(4,360,345)	(76,511,824)	(2,552,671)
Total capital assets	<u>126,722,228</u>	<u>7,935,441</u>	<u>10,216,013</u>	<u>8,409,735</u>	<u>153,283,417</u>	<u>1,486,450</u>
Total assets	<u>165,002,886</u>	<u>9,986,012</u>	<u>19,027,116</u>	<u>11,526,864</u>	<u>205,542,878</u>	<u>5,113,108</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	1,633,337	80,132	234,988	54,292	2,002,749	217,959
Accrued liabilities	23,820	1,471	61,070	(1,611)	84,750	2,573,915
Accrued compensated absences	79,222	24,269	20,956	8,241	132,688	9,329
Current liabilities payable from restricted assets:						
Customer deposits	1,684,140		806	37,730	1,722,676	
Accrued liabilities	237,790	7,125	5,603	16,644	267,162	188,000
Current portion of long term debt	2,609,596	280,928	345,740	45,000	3,281,264	
Total current liabilities	<u>6,267,905</u>	<u>393,925</u>	<u>669,163</u>	<u>160,296</u>	<u>7,491,289</u>	<u>2,989,203</u>
Noncurrent liabilities:						
Accrued compensated absences	109,638	28,986	41,511	15,641	195,776	10,877
Closure and postclosure liability			2,915,000		2,915,000	
Long term debt	30,252,418	8,136,072	292,043	2,490,000	41,170,533	
Total noncurrent liabilities	<u>30,362,056</u>	<u>8,165,058</u>	<u>3,248,554</u>	<u>2,505,641</u>	<u>44,281,309</u>	<u>10,877</u>
Total liabilities	<u>36,629,961</u>	<u>8,558,983</u>	<u>3,917,717</u>	<u>2,665,937</u>	<u>51,772,598</u>	<u>3,000,080</u>
<b>NET ASSETS</b>						
Invested in capital assets (net of related debt)	94,992,594		9,578,230	5,874,735	110,445,559	1,486,450
Restricted for debt service	2,847,386	288,053	351,343	61,644	3,548,426	
Unrestricted	30,532,945	1,138,976	5,179,826	2,924,548	39,776,295	626,578
Total net assets	<u>\$ 128,372,925</u>	<u>\$ 1,427,029</u>	<u>\$15,109,399</u>	<u>\$ 8,860,927</u>	<u>\$ 153,770,280</u>	<u>\$ 2,113,028</u>

Reconciliation to government-wide Statement of Net Assets:

Adjustments to reflect the consolidations of internal  
service funds activities related to enterprise funds 734,827

Net assets of business-type activities \$ 154,505,107

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF REVENUE, EXPENSE AND CHANGES IN FUND NET ASSETS  
ALL PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Business-Type Activities Enterprise Funds				Total	Governmental Activities Internal Service Funds
	Water Wastewater	Municipal Golf	Solid Waste	Other		
<b>OPERATING REVENUE</b>						
Sales to customers	\$ 17,318,723	\$ 1,654,497	\$ 7,689,996	\$ 2,601,286	\$ 29,264,502	\$ 2,700,558
Wastewater charges to customers	11,799,953				11,799,953	
Franchise fees			265,476		265,476	
Water and wastewater fees	980,364				980,364	
Wastewater surcharges	568,661				568,661	
Intergovernmental revenue	1,801,871			339,087	2,140,958	
Insurance premiums						10,286,017
Miscellaneous	392,668	424,355	4,890	553,154	1,375,067	22,093
Total operating revenue	32,862,240	2,078,852	7,960,362	3,493,527	46,394,981	13,008,668
<b>OPERATING EXPENSE</b>						
Salaries and personal benefits	4,487,679	1,056,874	1,185,926	331,462	7,061,941	995,910
Supplies and miscellaneous purchases	267,422	246,769	312,049	638,256	1,464,496	1,326,068
Purchased services	2,479,680	1,125,404	4,401,391	715,505	8,721,980	496,892
Insurance costs						10,110,779
Water purchases	6,683,792				6,683,792	
Wastewater treatment	6,386,274				6,386,274	
Miscellaneous	220,866	9,707	74,517	10,952	316,042	16,043
Depreciation	6,891,312	444,217	552,547	533,128	8,421,204	144,041
Franchise fees	1,190,216		460,386	73,434	1,724,036	
General and administrative costs	1,594,846		206,535	26,845	1,828,226	
Total operating expense	30,202,087	2,882,971	7,193,351	2,329,582	42,607,991	13,089,733
Operating income (loss)	2,660,153	(804,119)	767,011	1,163,945	3,786,990	(81,065)
<b>NONOPERATING REVENUE (EXPENSE)</b>						
Impact fees	1,484,692				1,484,692	
Investment income	146,408	5,019	21,955	7,724	181,106	69,260
Gain (loss) on property disposition	(6,668)	(45,529)	(493,757)		(545,954)	
Interest expense	(894,036)	(331,800)	(58,442)	(53,240)	(1,337,518)	
Total nonoperating revenue (expense)	730,396	(372,310)	(530,244)	(45,516)	(217,674)	69,260
Income (loss) before contributions and transfers	3,390,549	(1,176,429)	236,767	1,118,429	3,569,316	(11,805)
Transfers in	94,112	919,863	8,280		1,022,255	423,877
Transfers out	(1,209,262)	(203,288)	(210,115)	(1,123,857)	(2,746,522)	(608,554)
Capital contributions	8,684,872				8,684,872	
Change in net assets	10,960,271	(459,854)	34,932	(5,428)	10,529,921	(196,482)
Net assets at the beginning of the year	117,412,654	1,886,883	15,074,467	8,866,355	143,240,359	2,309,510
Net assets at the end of the year	\$ 128,372,925	\$ 1,427,029	\$ 15,109,399	\$ 8,860,927	\$ 153,770,280	\$ 2,113,028

Reconciliation to government-wide Statement of Activities:	
Change in net assets of enterprise funds	10,529,921
Adjustments to reflect the consolidation of internal service funds activities to enterprise funds	30,978
Change in net assets of business-type activities	\$ 10,560,899

See accompanying notes to basic financial statements.



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**CITY OF GRAND PRAIRIE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<b>Business-Type Activities—Enterprise Funds</b>					<b>Internal</b>
	<b>Major Funds</b>					<b>Service Funds</b>
	<b>Water</b>	<b>Municipal</b>	<b>Solid</b>			
<b>Wastewater</b>	<b>Golf Course</b>	<b>Waste</b>	<b>Other</b>	<b>Total</b>		
Cash flows from operating activities:						
Cash received from customers	\$ 31,110,184	\$ 2,072,925	\$ 7,717,647	\$ 3,427,474	\$ 44,328,229	\$ 2,700,558
Cash received from other funds for services	1,801,871				1,801,871	10,286,017
Cash payments to suppliers for goods and services	(18,402,552)	(1,358,098)	(4,464,649)	(1,377,207)	(25,602,506)	(12,290,277)
Cash payments to employees for services	(4,475,895)	(1,058,875)	(1,184,750)	(326,343)	(7,045,864)	(887,398)
Cash payments to other funds for services			-	(73,434)	(73,434)	
Other operating cash receipts (payments)	(689,304)	(15,168)	(80,887)	(33,551)	(818,910)	27,190
<b>Net cash provided (used) by operating activities</b>	<b>9,344,304</b>	<b>(359,216)</b>	<b>1,987,360</b>	<b>1,616,938</b>	<b>12,589,386</b>	<b>(163,912)</b>
Cash flows from noncapital financing activities:						
Transfers from other funds	94,112	919,863	8,280		1,022,255	423,877
Transfers to other funds	(1,209,262)	(203,288)	(210,115)	(1,123,857)	(2,746,522)	(608,554)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(1,115,150)</b>	<b>716,575</b>	<b>(201,835)</b>	<b>(1,123,857)</b>	<b>(1,724,267)</b>	<b>(184,677)</b>
Cash flows from capital and related financing activities:						
Capital outlays	(8,516,430)	(651,145)	(1,238,731)	(559,060)	(10,965,366)	(9,400)
Impact fees received	1,484,692				1,484,692	
Contributions	21,084				21,084	
Proceeds from sale of capital assets		142			142	
Interest paid on bonds and line of credit	(894,036)	(331,800)	(17,169)	(53,240)	(1,296,245)	
Repayment of principal on bonds	(6,083,452)	(3,525,000)	(365,802)	(25,934)	(10,000,188)	
Proceeds from issuance of refunding bonds	12,725,000	5,442,000		2,120,000	20,287,000	
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(1,263,142)</b>	<b>934,197</b>	<b>(1,621,702)</b>	<b>1,481,766</b>	<b>(468,882)</b>	<b>(9,400)</b>
Cash flows from investing activities:						
Investment earnings received on cash and investments	146,408	5,019	21,955	7,724	181,106	69,260
Purchase of investments	(11,468,778)	(386,631)	(3,937,634)	(411,335)	(16,204,378)	(1,568,217)
Sale of investments	12,989,971	288,364	3,198,853	217,244	16,694,432	1,529,632
<b>Net cash provided (used) by investing activities</b>	<b>1,667,601</b>	<b>(93,248)</b>	<b>(716,826)</b>	<b>(186,367)</b>	<b>671,160</b>	<b>30,675</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>8,633,612</b>	<b>1,198,308</b>	<b>(553,003)</b>	<b>1,788,479</b>	<b>11,067,397</b>	<b>(327,313)</b>
Cash and cash equivalents at beginning of year	8,523,017	234,287	2,493,772	419,561	11,670,637	1,264,236
Cash and cash equivalents at end of year	\$ 17,156,628	\$ 1,432,595	\$ 1,940,769	\$ 2,208,040	\$ 22,738,033	\$ 936,923
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:						
Net operating income (loss)	\$ 2,660,153	\$ (804,119)	\$ 767,011	\$ 1,163,945	\$ 3,786,989	\$ (81,069)
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	6,891,312	444,217	552,547	533,128	8,421,204	144,041
Change in assets and liabilities:						
Decrease (increase) in customer accounts receivable	222,762		(237,820)		(15,058)	
Decrease (increase) in other accounts receivable	5,924			(60,468)	(54,544)	
Decrease (increase) in inventories and supplies	(26,032)			(18,238)	(44,271)	(23,445)
Decrease (increase) in deferred charges						
Decrease (increase) in accounts payable	229,506	19,879	(74,944)	21,637	196,078	(223,705)
Decrease (increase) in other accrued liabilities	(766,486)	(17,190)	(24,952)	(28,926)	(837,555)	20,093
Decrease (increase) in customer deposits	115,387			745	116,131	
Decrease (increase) in accrued compensated absences	11,784	(2,001)	14,863	5,119	29,764	173
Decrease (increase) in closure and post closure payable			990,657		990,657	
<b>Net cash provided (used) by operating activities</b>	<b>\$ 9,344,304</b>	<b>\$ (359,216)</b>	<b>\$ 1,987,360</b>	<b>\$ 1,616,940</b>	<b>\$ 12,589,388</b>	<b>\$ (163,912)</b>

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS  
 COMBINING STATEMENT OF NET ASSETS  
 DISCRETELY PRESENTED COMPONENT UNITS

FOR THE YEAR ENDED:  
 SEPTEMBER 30, 2004 FOR GRAND PRAIRIE SPORTS DEVELOPMENT CORPORATION, INC.  
 DECEMBER 31, 2003 FOR GRAND PRAIRIE HOUSING FINANCE CORPORATION

	Housing Finance Corporation December 31, 2003	Sports Facilities Development Corporation September 30, 2004	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 140,181	\$ 4,502,671	\$ 4,642,852
Sales tax receivable		1,441,526	1,441,526
Other current assets	37,531	22,408	59,939
Current Restricted assets:			
Cash and cash equivalents	12,558,670	439,490	12,998,160
Total current assets	<u>12,736,382</u>	<u>6,406,095</u>	<u>19,142,477</u>
Noncurrent assets:			
Lease payments receivable		16,371,911	16,371,911
Deferred charges		470,760	470,760
Estimated unguaranteed residential value		73,262,294	73,262,294
Capital assets:			
Land	1,612,851		1,612,851
Buildings	10,514,932		10,514,932
Machinery and equipment		310,078	310,078
Less accumulated depreciation	(2,523,976)	(221,850)	(2,745,826)
Total capital assets	<u>9,603,807</u>	<u>88,228</u>	<u>9,692,035</u>
Total noncurrent assets	<u>9,603,807</u>	<u>90,193,193</u>	<u>99,797,000</u>
Total assets	<u>22,340,189</u>	<u>96,599,288</u>	<u>118,939,477</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	16,340	141,549	157,889
Accrued interest expense	89,081	43,171	132,252
Current liabilities payable from restricted assets:			
Customer deposits	34,575		34,575
Current portion of long term debt	46,054	4,645,000	4,691,054
Total current liabilities	<u>186,050</u>	<u>4,829,720</u>	<u>5,015,770</u>
Noncurrent liabilities:			
Construction loan payable	2,632,711		2,632,711
Revenue Bonds	13,890,000		13,890,000
Sales tax revenue bonds		12,806,811	12,806,811
Total noncurrent liabilities	<u>16,522,711</u>	<u>12,806,811</u>	<u>29,329,522</u>
Total liabilities	<u>16,708,761</u>	<u>17,636,531</u>	<u>34,345,292</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,294,635	88,228	5,382,863
Restricted for:			
Debt service	173,950	396,319	570,269
Facility lease, net of related debt		72,653,154	72,653,154
Unrestricted	162,843	5,825,056	5,987,899
Total net assets	<u>\$ 5,631,428</u>	<u>\$ 78,962,757</u>	<u>\$ 84,594,185</u>

See accompanying notes to basic financial statements.



**CITY OF GRAND PRAIRIE, TEXAS  
 COMBINING STATEMENT OF REVENUE, EXPENSE AND CHANGES IN FUND NET ASSETS  
 DISCRETELY PRESENTED COMPONENT UNITS**

**FOR THE YEAR ENDED:  
 SEPTEMBER 30, 2004 FOR GRAND PRAIRIE SPORTS DEVELOPMENT CORPORATION, INC.  
 DECEMBER 31, 2003 FOR GRAND PRAIRIE HOUSING FINANCE CORPORATION**

	<b>Housing Finance Corporation December 31, 2003</b>	<b>Sports Facilities Development Corporation September 30, 2004</b>	<b>Total</b>
<b>OPERATING REVENUE</b>			
Rental income	\$ 2,571,396	\$ 1,781,677	\$ 4,353,073
Grant income	231,671		231,671
Other income	49,290		49,290
Total operating revenue	<u>2,852,357</u>	<u>1,781,677</u>	<u>4,634,034</u>
<b>OPERATING EXPENSE</b>			
Amortization of cost of facilities		3,235,967	3,235,967
Depreciation expense	571,235	62,016	633,251
General and administrative expenses	1,861,470	156,043	2,017,513
Total operating expense	<u>2,432,705</u>	<u>3,454,026</u>	<u>5,886,731</u>
Operating income (loss)	<u>419,652</u>	<u>(1,672,349)</u>	<u>(1,252,697)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Interest income	16,480	47,902	64,382
Interest expense	(189,076)	(2,105,336)	(2,294,412)
Gain on sale of property	7,791		7,791
Sales taxes		7,990,003	7,990,003
Total nonoperating revenue(expense)	<u>(164,805)</u>	<u>5,932,569</u>	<u>5,767,764</u>
Income (loss) before contribution	<u>254,847</u>	<u>4,260,220</u>	<u>4,515,067</u>
Contributions, net		1,046,791	1,046,791
Change in net assets	<u>254,847</u>	<u>5,307,011</u>	<u>5,561,858</u>
Net assets at the beginning of the year	<u>5,376,581</u>	<u>73,655,746</u>	<u>79,032,327</u>
Net assets at the end of the year	<u>\$ 5,631,428</u>	<u>\$ 78,962,757</u>	<u>\$ 84,594,185</u>

See accompanying notes to basic financial statements.



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# NOTES TO BASIC FINANCIAL STATEMENTS



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**CITY OF GRAND PRAIRIE, TEXAS**

**Notes to Financial Statements  
September 30, 2004**

**INDEX**

	<b>Page</b>
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	33
a. Introduction	33
b. Financial Reporting Entity	33
1. Component Unit – Sports Corporation	33
2. Component Unit – Housing Finance Corporation	34
3. Related Autonomous Entities	35
c. Government-wide financial statements and fund financial statements	35
d. Measurement Focus and Basis of Accounting	37
1. Governmental Funds	37
2. Proprietary Funds	38
e. Assets, Liabilities, Fund Balance/Net Assets and Other	39
1. Pooled Cash, Investments and Temporary Deposits	39
2. Inventories	39
3. Capital Assets and Depreciation	40
4. Encumbrances	40
5. Compensated Absences	40
6. Risk Management	41
7. Depository Contract	42
8. Deferred Revenue	42
2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	42
a. Budget Law and Practice	42
b. Budgetary Control	43
c. Budget Amendments	43
3. DETAILED NOTES ON ALL FUNDS	44
a. Assets	44
1. Deposits, Investments and Investment Policies	44
2. Capital Assets	47

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

---

	<b>Page</b>
b. Liabilities	49
1. Retirement Plan	49
2. Long-Term Debt	52
a. Governmental Activities Long-Term Debt	52
i. General Obligation Debt	52
ii. Sales Tax Debt	53
b. Business Type Activities Long-Term Debt	58
i. Water and Wastewater System Debt	60
ii. Municipal Golf Course Long-Term Debt	62
iii. Solid Waste Long-Term Debt	64
iv. Municipal Airport Long-Term Debt	65
c. Grand Prairie Sports Facility Development Corporation Long-Term Debt	66
d. Grand Prairie Housing Finance Corporation Long-Term Debt	68
3. Closure and Post Closure Liability	69
c. Fund Equity and Net Assets	70
1. Reserved Fund Balance	70
2. Designated Fund Balance	70
3. Net Assets: Invested in capital assets, net of related debt	70
4. Net Assets: Restricted for Debt Service	70
5. Net Assets: Unrestricted	70
d. Interfund Transactions	70
1. Interfund Receivables/Payables	70
2. Interfund Transfers	71
3. Cost Reimbursements	72
4. Franchise Fees	72
5. Payments in Lieu of Property Taxes	73
e. Leases	73
4. CONTRACTS, COMMITMENTS, AND CONTINGENT LIABILITIES	74
a. Federal Grants	74
b. Litigation	75
c. Water Intake Facility Contract	75
d. Water Purchase Contracts	75
e. Wastewater Treatment Contract	75
f. Master and Other Agreements	76
g. Construction Commitments	76
5. SEGMENT INFORMATION FOR ENTERPRISE FUNDS	77
6. SUBSEQUENT EVENTS	78

## 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 6 miles south of DFW International Airport. The City was incorporated in 1909, and adopted the Council-Manager form of government in 1948.

The services provided by the City are diverse. The financial position, results of operations and budgets (where legally adopted) of these multi-faceted services are all included in the City's financial "reporting entity," as more fully described in the immediately subsequent section of this Note.

The City reports in accordance with accounting principles generally accepted in the United States of America ("GAAP") as established by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), and their predecessors, the National Council on Governmental Accounting ("NCGA") and the Accounting Principles Board ("APB"), respectively. The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide concise explanation, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial position and results of operations as of and for the fiscal year ended September 30, 2004.

### b. Financial Reporting Entity

Knowledge of the definitions for the following terms is important to the reader's understanding of the Notes:

Reporting Entity – The primary government and all related component units are combined to constitute the financial reporting entity.

Primary Government – The core or nucleus of the financial reporting entity. The City's services include primarily the traditional local government responsibilities of public safety, streets and transportation, water and wastewater, solid waste collection and disposal, environmental health, leisure services and general aviation airport.

Discretely Presented Component Units – A legally separate governmental unit or organization for which the elected officials of the primary government are financially accountable, and which is reported in a column separate from the primary government within the combined financial statements.

#### 1) Component Unit – Sports Corporation

Although the Sports Corporation is legally, financially and administratively autonomous, its Board of Directors is appointed by the Grand Prairie City Council. Additionally, four of the seven Sports Corporation board members are members of the Grand Prairie City Council. Therefore, the Sports Corporation should be

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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included within the financial reporting entity of the City; as such, the financial statements of the component unit have been included in the financial reporting entity as a discretely presented component unit. The component unit column is reported as a separate column in the combined financial statements to emphasize it as a legally separate entity from the City.

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. The one-half cent sales and use tax may be used to pay 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 cost of the project.

Sales and use tax received from the City prior to issuance of the Sports Corporation's permanent financing, limited to \$2,750,000, was used to fund capitalized costs.

The activities of the Sports Corporation are similar to those of proprietary funds, and, therefore, are reported as an enterprise fund. The activities of the Sports

Corporation are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the Sports Corporation are included in a single fund. Transactions are accounted for using the accrual basis of accounting.

Complete September 30, 2004 financial statements for the Sports Corporation may be obtained at its administrative office.

2) Component Unit – 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. The city is not financially obligated for any debt of the

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HFC. Complete separate December 31, 2003 financial statements for HFC may be obtained from the City.

3) Related Autonomous Entities

Related autonomous entities are those entities whose boards of directors are appointed by the City Council, but over which the City is not financially accountable, and are therefore excluded from the reporting entity. These include:

- Grand Prairie Health Facilities Development Authority – created to issue tax-exempt revenue bonds to finance medical facilities. The Authority's bonds have been defeased, and the Authority only exists to make decisions from time to time regarding the defeased bonds. The City exercises no control over the Authority or its budget.
- Grand Prairie Industrial Development Authority – 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 Authority's management, budget or operations.

**c. Government-wide financial statements and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component unit (neither the city nor its component units has fiduciary activities). Activity for the primary government and its component unit are reported separately in the government-wide financial statements. The effect of interfund activity between governmental activities and business-type activities has been eliminated in these statements except that business-type activities include charges for administrative overhead services provided by the governmental activities.

*Governmental activities* are supported in part by property taxes, sales taxes, franchise fees, and grant revenues from the federal government and the State of Texas. Governmental activities are reported separately from *business-type activities*, which rely to a large extent 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, wastewater tap fees and reconnection fees.

The statement of activities reports the change in the City's net assets from October 1, 2003 to September 30, 2004. This statement demonstrates the degree to which the direct expenses of a given function of 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 sales, wastewater 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues* in the statement of activities.



In addition to the government-wide financial statements, the City also reports separate financial statements for major governmental funds and proprietary funds; these statements are classified as *fund financial statements*. The fund financial statements are organized on the basis of funds, each of which is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are ordered into two distinct categories: governmental and proprietary. Information in the fund financial statements are reported on a major fund basis. The calculation of major funds is conducted by the City each year under the methods outlined in GASB Statement No. 34. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The major funds at September 30, 2004, are as follows: general fund, park venue fund, street improvement fund, section 8 fund, a debt service fund, water/wastewater fund, municipal golf course fund, and solid waste fund. Non-major funds are reported in the aggregate as "Other Funds." The various funds are summarized by type in the fund financial statements.

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.

**Park Venue Fund:** This fund accounts for the operation and construction of the City's park system. Approved by the Grand Prairie voters, a one-quarter cent sales and use tax was levied for the benefit of the Park Venue Fund. Transfers of the General Fund in the amount of the base period expenditures and approved increases are made to the Park Venue Fund annually.

**Section 8 Fund:** The fund accounts for grants received from the federal government for providing housing assistance to low income families.

**Street Improvements Fund:** This fund accounts for the costs of street improvements in the City financed through general obligation bond proceeds, and other dedicated sources.

**Debt Service Fund:** The City's Debt Service Fund accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation (property tax supported) debt.

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 has no treatment facilities for water or wastewater. Treated water is purchased from the Dallas Water Utilities ("DWU") and Trinity River Authority ("TRA"), and water is pumped from City-owned wells. The City owns the wastewater collection system and all wastewater treatment is provided by the TRA. The contracts with DWU and TRA are discussed elsewhere in the Notes.

**Municipal Golf Course Fund:** accounts for the operations and maintenance of the Prairie Lakes Golf Course and the Tangle Ridge Golf Course. Revenues are generated through fees charged to users. The Prairie Lakes Course land was purchased from Texas Utilities in September 2000. The Tangle Ridge Golf Course, located in South Grand Prairie, opened in October 1995. Revenues are generated through user fees for debt service and operations.

**Solid Waste Fund:** This fund accounts for the operations of the City's refuse collection and disposal services. Revenues are generated through user charges. Refuse collection services are provided by the City through a private contractor; however, the City owns and operates the sanitary landfill. The City accrues for landfill closure and post closure care costs (see Note 3.b.3).

**d. Measurement Focus and Basis of Accounting**

1) Governmental Funds

The City uses the modified accrual basis of accounting and the flow of current financial resources measurement focus for all governmental funds. 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 60 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 which is recorded when due rather than when incurred.

Major revenue sources susceptible to accrual in the governmental funds include:

- Sales taxes are collected by the State and remitted to the City monthly in 60 days arrears. The City recognizes sales taxes revenues when collected from the State. Additional amounts estimated to be collectible in time to be a resource payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with General Accepted Accounting Principles have been recognized as revenue. The City allocates its sales taxes revenues to the General Fund, Street Maintenance Fund, and Park Venue Fund pursuant to City ordinances. The Sports Corporation receives monthly sales taxes revenues from the State separate from the City.

- Franchise fees are remitted regularly by franchise owners for gas, electric, telephone and cable utilities. Franchise fees are also paid by the City's Water and Wastewater Fund, Solid Waste Fund and Storm Water Utility Fund. The fees are not taxes, but compensate the City for the use of public right-of-way by the utilities. Amounts earned but not collected at fiscal year end are recorded as accounts receivable. Amounts earned at fiscal year end and collected within 60 days are recorded as revenue. During fiscal year 2004, the City changed its method of accruing franchise fees for one of its largest utilities.
- Property taxes are billed and collected by the Dallas County Tax Assessor based on assessed taxable values each January 1 as determined by the Dallas Central Appraisal District using exemptions approved by the City. Taxes are levied and due on the next October 1 and are past due after February 1 of the following year. Tax liens are automatic on January 1 for each year of tax levy. Property tax receivable are recorded on October 1 when taxes are assessed with a reserve estimate for un-collectibles. Property tax revenues are recorded as the taxes are collected. Delinquent tax payments are recognized as revenue when both measurable and available. Additional amounts estimated to be collectible in time to be a resource payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with General Accepted Accounting Principles have been recognized as revenue.
- Intergovernmental grant revenues are recognized when the qualifying expenditures are incurred and all other grant requirements have been met for expenditure-driven grants.
- Interest revenues are recognized as earned as they are measurable and available.

2) Proprietary Funds

The accrual basis of accounting and flow of economic resources measurement focus are used in all proprietary fund types. Under the accrual basis of accounting, revenues are recognized when earned, and expenses (including depreciation) are recorded when the liability is incurred. For the proprietary funds and for the government-wide financial statements and in accordance with paragraph 7 of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities that Use Proprietary Fund Accounting*, the City applies all FASB guidance issued on or before November 30, 1989, unless it conflicts with or contradicts GASB guidance.

The accounting objectives are determination of net income, financial position and cash flows. Proprietary fund equity is segregated into (1) invested in capital assets, net of related debt; (2) restricted net assets, and (3) unrestricted net assets.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and

the City's internal service funds are charges to customers for water sales, utility charges, and municipal golf course fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### **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 of the City Council is 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 where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or net income (loss), is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The enterprise funds of the City are classified as business-type activities in the government-wide statements of net assets and activities.

### **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, which include:

- Equipment 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 and workers compensation and employee health and life insurance programs. The City reports all risk financing activities in the Risk Management Fund.

### **e. Assets, Liabilities, Fund Balance/Net Assets and Other**

#### **1) Pooled Cash, Investments and Temporary Deposits**

The City's cash, investments and temporary deposits are pooled for investment. Interest earnings are allocated to the City's funds during the year based upon the City's adopted budget. 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.

#### **2) Inventories**

Inventory is recorded at cost when purchased, with a corresponding reservation of fund balance shown for governmental fund-type inventories, and charged to expenditures when consumed. General Fund supplies and materials inventory are recorded as expenditures on an actual specific cost basis. The Water and Wastewater Fund supplies and materials inventory is charged out on a first-in, first-out basis. Equipment Services Fund, included as "Other Governmental Funds" in

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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the fund financial statements, charges supplies and materials out on a first-in, first-out basis and its gasoline inventory is charged out on a moving average basis. The Municipal Airport Fund, included as "Other Proprietary Funds" charges fuel inventory on a moving average basis.

3) Capital Assets and Depreciation

Capital assets (i.e. land, buildings, equipment, improvements other than buildings, which includes the City's 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 are recorded at their fair 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	20-50 years
Machinery and Equipment	5-15 years
Improvements other than Buildings	20-40 years

4) Encumbrances

Encumbrance accounting is used for the General Fund, Park Venue Fund, Street Improvement Fund and other governmental funds. Encumbrances are recorded when a purchase order is issued, and encumbrances are not considered expenditures until a liability for payment is incurred. Encumbrances are reported as a reservation of fund balance on the governmental funds' balance sheet, and on October 1, each year are carried forward, along with the prior year's related appropriation, and added to the new year's budget.

In addition to encumbrances, a separate work order system based upon approved contracts is used to manage disbursements for capital projects.

5) Compensated Absences

Employees are granted vacation benefits in varying amounts, depending on tenure with the City. These benefits accumulate pro rata by pay period. The employee's right to use accumulated vacation and to receive an accumulated vacation payment upon termination vests after six months of employment. Fire and police civil service employees and other employees hired prior to 1976 are paid up to 90 days sick leave upon retirement. The valuation of those frozen civil service sick leave is at current pay rates, while the valuation of the frozen noncivil service sick leave was at 1985 wage levels. 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. Long-term accrued compensated absences and those related amounts to be paid in the next fiscal year are reported in the respective columns in the government-wide financial statements and in the proprietary fund financial statements. The General Fund is typically used to liquidate the liability for government compensated absences. Long-term accrued

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compensated absences are not expected to be liquidated with expendable available financial resources and are not reported in the governmental fund financial statements.

6) Risk Management

The City administers a self-insured retention program for workers' compensation, general liability, property, law enforcement, and employee health care claims. All such claims are accounted for within the Risk Management Fund, a internal service fund. The City's workers' compensation liability coverage is up to \$200,000 per occurrence subject to an aggregate retention of \$600,000 in fiscal year 2004. All liability coverages (i.e. general, automobile, law enforcement, errors and omissions, and aviation) have a \$50,000 self-insured retention and generally subject to the following limits of liability:

General liability \$1,000,000/\$2,000,000 each occurrence/annual aggregate

Law enforcement liability \$3,000,000/\$6,000,000 each occurrence/annual aggregate

Errors & omissions \$3,000,000/\$6,000,000 each occurrence/annual aggregate

Automobile liability \$3,000,000 each occurrence

Airport general liability \$10,000,000/\$10,000,000 each occurrence/annual aggregate

The City has its workers' compensation, liability, property, and airport insurance coverages with the Texas Municipal League Intergovernmental Risk Pool (the "TML Risk Pool"), a public entity risk pool currently operating as a common risk management and insurance program for more than 2,000 members. The City pays annual premiums to the TML Risk Pool for such insurance coverages. The TML Risk Pool is self-sustaining through annual member premiums and stop loss reinsurance coverage through various commercial insurers for excess claims.

The City offers group health coverage to its employees and retirees in a managed care plan administered by United Health Care using an escrow account funded by the City with both employee and City contributions. The City allows retired employees 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 length of service with the City at the time of retirement. The City retains risk for up to \$150,000 per covered enrollee 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 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 interfund 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

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

periodically to consider the effects of inflation, plan benefit designs, recent claim settlement trends (including frequency and amount of pay-outs), 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 accrued liabilities estimate including the IBNR claims liability estimate for the Risk Management Fund as of September 30, 2004 was \$2,763,302. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The changes in the fund's IBNR claims and other minor accrued liability amount in each of the last two fiscal years was:

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Change in <u>Estimates</u>	Claim <u>Payments</u>	End of Fiscal Year <u>Liability</u>
2004	\$ 2,545,291	10,328,790	10,110,779	\$ 2,763,302
2003	\$ 2,636,586	10,737,344	10,828,639	\$ 2,545,291

7) Depository Contract

The City operates under a depository contract in accordance with State law. All of the City's demand deposit accounts are interest bearing.

8) Deferred Revenue

In the governmental fund financial statements, the City defers revenue recognition for franchise fees estimated to be collected the next fiscal year but is not available for payment of current expenditures. Deferred revenues are also recorded in the governmental funds when grant award is received, but reimbursable expenditures have not been incurred.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**a. Budget Law and Practice**

Accounting Standards literature defines three levels of budgetary control which may be employed. These are: (1) appropriated budget, (2) legally authorized nonappropriated budget review and approval process, which is outside the appropriated budget process, and (3) nonbudgeted financial activities, which are not subject to the appropriated budget and the appropriation process or to any legally authorized nonappropriated budget review and approval process, but still are important for sound financial management and oversight.

The City Manager submits annual budgets to the City Council for all budgeted funds in August in accordance with the City Charter. In September the City Council legally adopted annual fiscal year appropriated budgets for the City's General Fund, Debt Service Fund, and certain, but not all, Special Revenue Funds. The expenditures budgeted in each fund may not exceed the budgeted revenues, including beginning fund balance.

All budgets are prepared on the cash and encumbrances financial flow basis. That is, revenues are budgeted in the year receipt is expected, and expenditures, which include

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. The amounts in Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the general fund are reported on this basis. Encumbered appropriations are carried forward to the next fiscal year and become part of the new year's appropriations, while unencumbered appropriations lapse at fiscal year-end. Appropriations for certain nonbudgeted special revenue funds and capital projects funds are controlled on a project basis and are carried forward each year until the project is completed or the grant receipts are expended.

Encumbrances and the related appropriations outstanding at the end of a year are carried forward into the next year, and these carried-forward appropriations then become part of the new year's appropriations. This is because it is not possible to distinguish between current and prior year's appropriations in the City's computer system. Therefore, both expenditures related to prior year encumbrances and encumbrances outstanding at the end of the current year are called expenditures for budgetary reporting purposes.

The City's capital projects are planned in an annually updated five year capital budget which encompasses all capital resources.

**b. Budgetary Control**

Appropriations are approved by the City Council by fund for all budgeted funds. All appropriation amendments are subject to final approval by the City Council.

For day-to-day management purposes, line item budgets are prepared. Revenues are budgeted by type and source. Expenditures are budgeted by function, by organization level, i.e., department, division and program, and by detailed type or character code, i.e., personal services, maintenance and operation, capital outlay, debt service and transfers.

There are differences between the City's budget-basis and GAAP-basis actual results due to accruals in the GAAP-basis results, encumbrances in the budget-basis results, and differences in classification.

During the year ended September 30, 2004, the General Fund support services function recorded expenditures in excess of appropriations of \$580,156. The overage was funded by budget differences in other functions. In the Section 8 Fund, development services and capital outlays exceeded appropriations by \$963,705 and \$35,282, respectively, due to increases in program activity during the year which were entirely reimbursed by HUD.

**c. Budget Amendments**

During the fiscal year it was necessary to amend the original budget by City Council action. The original budget and amended budget are presented in the Schedules of Revenue, Expenditures, and Changes in Fund Balance – Budget to Actual Comparison for the General, Park Venue, and Section 8 Funds.



**3. DETAILED NOTES ON ALL FUNDS**

**a. Assets**

1) Deposits, Investments and Investment Policies

The City invests in United States Treasury notes and United States Agency Securities. These investments are recorded at fair value, which is defined as the amount at which a willing buyer and seller would exchange the security.

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. 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 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, 2004.

The City's investments are stated at fair value, using the following methods and assumptions as of September 30, 2004:

- 1) Fair value is based on quoted market prices as of the valuation date;
- 2) The portfolio did not hold investments in any of the following:
  - (a) Items required to be reported at amortized cost, except investments in TexPool (see below),
  - (b) Items in external pools that are not SEC-registered,
  - (c) Items subject to involuntary participation in an external pool.
  - (d) Items associated with a fund other than the fund to which the income is assigned;
- 3) Any unrealized gain/loss resulting from the valuation is recognized in respective funds that participates in the City's investment pool;

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

- 4) The gain/loss resulting from valuation is reported within the revenue account "investment income" on the Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, and the Statement of Revenues, Expenses and Changes in Net Assets for the Proprietary Funds.

The City invested \$28,696,728 in the TexPool as of September 30, 2004. The Texas State of Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by Standard & Poors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poors, as well as the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The City's policy is to hold investments until maturity or until market values equal or exceed cost.

The City's carrying amount of cash, cash equivalents and investments as of September 30, 2004 as reflected in the primary government's financial statements, are:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash	\$ (1,034,194)	\$ 188,000	\$ (846,194)
Pooled Investments:			
Cash equivalents	47,247,745	387,427	47,635,172
Investments	<u>92,587,294</u>	<u>4,883,675</u>	<u>97,470,969</u>
Total Pooled Investments	<u>139,835,039</u>	<u>5,271,102</u>	<u>145,106,141</u>
Total	<u>\$ 138,800,845</u>	<u>\$ 5,459,102</u>	<u>\$ 144,259,947</u>

At year-end, the bank balance of the City's unrestricted cash was \$ 775,192. Of the bank balance, \$131,388 was covered by federal depository insurance and \$643,804 was covered by collateral held by the City's agent in the City's name (Category 1). Statutes require collateral pledged for deposits to be held in the City's name by the trust department of a bank.

The City's cash equivalents of \$47,635,172 were also covered by collateral held by the City's agent in the City's name (Category 1).

The City's investments are categorized below to give an indication of the level of custodial risk assumed at year-end. Category 1 includes U. S. Government Securities that are held

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

by the City's agent in the City's name. Category 2 may include investments collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 may include uninsured or unregistered investments for which securities are held by a third party, but not in the City's name. The City had no Category 2 or Category 3 investments at September 30, 2004.

	Category			Fair Value
	1	2	3	
Federal Farm Credit Bank	\$ 26,313,787			\$ 26,313,787
Federal Home Loan Bank	2,992,500			2,992,500
Federal National Mortgage Assoc.	3,000,000			3,000,000
Student Loan Marketing Assoc.	3,000,000			3,000,000
U. S. Treasury Notes	62,164,682			62,164,682
Total investments	<u>\$ 97,470,969</u>			<u>97,470,969</u>
Not subject to categorization:				
TexPool				28,696,728
Money Market Funds				<u>18,938,444</u>
				<u>\$ 145,106,141</u>

Maturities of the City's investments at September 30, 2004 were as follows:

Cash equivalents	\$ 47,635,172
Under 30 days	1,000,000
30 days to 60 days	
60 days to 90 days	5,001,100
90 days to 1 year	40,809,824
After 1 year	<u>50,660,045</u>
Total	<u>\$ 145,106,141</u>

The City did not invest in any securities different from the categories mentioned above during the 2003-2004 fiscal year.

At September 30, 2004, the carrying amount of the Sports Corporation's deposits included in cash and cash equivalents was \$0, while the bank balance of the Sports Corporation's deposits was \$99,564. The bank balance was entirely covered by Federal depository insurance or collateral held by the Sports Corporation's agent in the Sports Corporation's name.

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, 2004 was \$4,942,161 in Money Market Funds. These amounts are not categorized in accordance with GASB Statement No. 3 because they are not evidenced by securities that exist in physical or book entry form.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

The bank balance of HFC at December 31, 2003, including restricted cash, totaled \$348,706, all of which was covered by FDIC insurance and collateral held by the depository institution in HFC's name. Restricted cash of \$173,950 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. The remaining restricted cash amount comprises tenant security deposits.

2) Capital Assets

Capital assets balances and transactions for the year ended September 30, 2004 are summarized below for governmental activities:

	Balance October 1, 2003	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2004
Non-depreciable capital assets:				
Land	\$ 14,492,486	\$ 5,029,808	\$	\$ 19,522,294
Construction in progress	58,645,327	30,223,029	(11,659,216)	77,209,140
Total non-depreciable capital assets	<u>73,137,813</u>	<u>35,252,837</u>	<u>(11,659,216)</u>	<u>96,731,434</u>
Depreciable capital assets:				
Buildings	56,587,055	424,023		57,011,078
Equipment	38,526,922	3,236,753	(976,494)	40,787,181
Infrastructure	214,182,980	40,604,693		254,787,673
Total depreciable capital assets	<u>309,296,957</u>	<u>44,265,469</u>	<u>(976,494)</u>	<u>352,585,932</u>
Less accumulated depreciation for:				
Buildings	(14,542,471)	(2,039,977)		(16,582,448)
Equipment	(22,430,484)	(3,217,856)	937,167	(24,712,054)
Infrastructure	(68,735,362)	(10,117,380)		(78,852,742)
Total accumulated depreciation	<u>(105,708,317)</u>	<u>(15,375,213)</u>	<u>937,167</u>	<u>(120,146,363)</u>
Total depreciable capital assets, net	<u>203,588,640</u>	<u>28,890,256</u>	<u>(39,327)</u>	<u>232,439,569</u>
Governmental activities capital assets, net	<u>\$ 276,726,453</u>	<u>\$ 64,143,093</u>	<u>\$ (11,698,543)</u>	<u>\$ 329,171,003</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

Capital asset balances for business-type activities for the year ended September 30, 2004 are summarized below:

	Balance October 1, 2003	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2004
Non-depreciable capital assets				
Land	\$ 3,234,904	\$ 134,780	\$	\$ 3,369,684
Construction in progress	9,921,145	7,496,551	(7,143,954)	10,273,742
Total non-depreciable capital assets	<u>13,156,049</u>	<u>7,631,331</u>	<u>(7,143,954)</u>	<u>13,643,426</u>
Depreciable capital assets				
Buildings	6,979,539	258,710		7,238,249
Equipment	14,505,636	1,857,043	(1,443,203)	14,919,476
Infrastructure	177,562,295	17,078,054		194,640,349
Total depreciable capital assets	<u>199,047,470</u>	<u>19,193,807</u>	<u>(1,443,203)</u>	<u>216,798,074</u>
Less accumulated depreciation for:				
Buildings	(3,098,876)	(259,231)		(3,358,107)
Equipment	(6,202,750)	(1,327,868)	47,203	(7,483,415)
Infrastructure	(59,934,889)	(6,996,293)	852,453	(66,078,729)
Total accumulated depreciation	<u>(69,236,515)</u>	<u>(8,583,392)</u>	<u>899,656</u>	<u>(76,920,251)</u>
Total depreciable capital assets, net	<u>129,810,955</u>	<u>10,610,415</u>	<u>(543,547)</u>	<u>139,877,823</u>
Business-type activities capital assets, net	<u>\$ 142,967,004</u>	<u>\$ 18,241,746</u>	<u>\$ (7,687,501)</u>	<u>\$ 153,521,249</u>

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

Support Services	\$ 1,663,319	Water and Wastewater	\$ 7,024,004
Public Safety Services	6,730,611	Municipal Golf	452,782
Recreation and Leisure Services	1,792,590	Solid Waste	563,199
Development Services and Other	5,188,693	Other Business Type	543,407
Total Governmental	<u>\$ 15,375,213</u>	Total Business Type	<u>\$ 8,583,392</u>

A summary of changes in capital assets of the Sports Corporation is as follows:

	Balance October 1, 2003	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2004
Equipment	\$ 310,078	\$	\$	\$ 310,078
Less accumulated depreciation	(159,834)	(62,016)		(221,850)
Total	<u>\$ 150,244</u>	<u>\$ (62,016)</u>	<u>\$</u>	<u>\$ 88,228</u>

See Note b.8. for further description of the Sports Corporation's debt structure and operations.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

A summary of changes in capital assets of the Housing Finance Corporation is as follows:

	Balance December 31, <u>2002</u>	Additions/ <u>Completions</u>	Disposals/ <u>Reclasses</u>	Balance December 31, <u>2003</u>
Non-depreciable capital assets:				
Land	1,048,060	564,791		1,612,851
Construction in progress		<u>2,149,173</u>		<u>2,149,173</u>
Total non-depreciable capital assets	<u>1,048,060</u>	<u>2,713,964</u>		<u>3,762,024</u>
Depreciable capital assets:				
Buildings	7,978,915	386,844		8,365,759
Less total accumulated depreciation	<u>(1,952,741)</u>	<u>(571,235)</u>		<u>(2,523,976)</u>
Total depreciable capital assets, net	<u>6,026,174</u>	<u>(184,391)</u>		<u>5,841,783</u>
Housing Finance Corporation capital assets, net	<u><u>7,074,234</u></u>	<u><u>2,529,573</u></u>		<u><u>9,603,807</u></u>

**b. Liabilities**

1) Retirement Plan

Plan Description - The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 774 administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the

employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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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 actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of 4/7/03):

Deposit Rate	7%
Matching Ratio (City to Employee)	2 to 1
A member is vested after	5 years

Members can retire at certain ages, based on the years of service with the City. The Service Retirement Eligibilities for the city are: 5 years of service/age 60, 25 years of service any age.

Contributions - Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution 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 (i.e., December 31, 2003 valuation is effective for rates beginning January 2005).

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

<u>Actuarial Valuation Date</u>	December 31, <u>2003</u>	December 31, <u>2002</u>	December 31, <u>2001</u>
Actuarial Value of Assets	\$ 142,198,405	\$ 131,709,701	\$ 116,891,035
Actuarial Accrued Liability	\$ 177,576,317	\$ 161,002,282	\$ 142,819,377
Percentage Funded	80.1 %	81.8 %	81.8 %
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	\$ 35,377,912	\$ 29,292,581	\$ 25,928,342
Annual Covered Payroll	\$ 49,764,580	\$ 48,080,684	\$ 45,368,136
UAAL as a Percentage of Covered Payroll	71.1 %	60.9 %	57.2 %
Net Pension Obligation (NPO) at the Beginning of Period	\$0	\$0	\$0
Annual Pension Cost:			
Annual required contribution (ARC)	\$ 6,590,869	\$ 6,542,656	\$ 5,930,448
Contributions Made	6,590,869	6,542,656	5,930,448
NPO at the end of the period	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Actuarial Assumptions - The City also uses the following assumptions:

<u>Actuarial Valuation Date</u>	December 31, <u>2003</u>	December 31, <u>2002</u>	December 31, <u>2001</u>
Actuarial Cost Method	Unit Credit	Unit Credit	Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining Amortization Period	25 Years/Open	25 Years/Open	25 Years/Open
Asset Valuation Method	Amortized Cost	Amortized Cost	Amortized Cost
Investment Rate of Return	7%	8%	8%
Projected Salary Increases	None	None	None
Includes Inflation At	None	None	None
Cost-of-Living Adjustments	None	None	None



CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

2) Long-Term Debt

Below is a summary of the changes in long-term debt of the City's primary government and component unit:

	Balance October 1, 2003	Borrowings or Increase	Payments or Decrease	Balance September 30, 2004	Due Within One Year
<u>Governmental-Type Activities</u>					
General obligation bonds	\$ 67,197,982	\$ 11,356,478	\$ (8,940,635)	\$ 69,613,825	\$ 6,599,664
Certificates of obligation bonds	53,750,000	18,743,000	(2,735,000)	69,758,000	3,549,072
Sales tax revenue bonds	32,045,000		(720,000)	31,325,000	755,000
Compensated absenses	9,202,117	3,577,056	(4,020,608)	8,758,565	656,893
Total governmental activities	<u>162,195,099</u>	<u>33,676,534</u>	<u>(16,416,243)</u>	<u>179,455,390</u>	<u>11,560,629</u>
<u>Business-Type Activities</u>					
General obligation bonds	2,376,929	3,510,000	(386,744)	5,500,185	525,336
Certificates of obligation bonds	5,665,000	4,052,000	(3,525,000)	6,192,000	170,928
Water and wastewater revenue bonds	26,094,612	12,725,000	(6,060,000)	32,759,612	2,585,000
Closure and post closure liability	1,924,343	990,657		2,915,000	
Compensated absenses	305,509	208,237	(182,049)	331,697	134,185
Total business-type activities	<u>36,366,393</u>	<u>21,485,894</u>	<u>(10,153,793)</u>	<u>47,698,494</u>	<u>3,415,449</u>
Total all primary government	<u>\$ 198,561,492</u>	<u>\$ 55,162,428</u>	<u>\$ (26,570,036)</u>	<u>\$ 227,153,884</u>	<u>\$ 14,976,078</u>
<u>Component Unit Activities</u>					
Sports Corporation:					
Taxable sales tax bonds	20,835,000		(4,710,000)	16,125,000	3,010,000
Tax exempt sales tax notes	10,040,000		(2,525,000)	7,515,000	1,635,000
Deferred loss on refunding/discount	(7,479,443)		1,291,254	(6,188,189)	
Housing Finance Corporation:					
Note payable	2,722,249		(43,484)	2,678,765	46,054
Revenue bonds		13,890,000		13,890,000	
Total all component units	<u>\$ 26,117,806</u>	<u>\$ 13,890,000</u>	<u>\$ (5,987,230)</u>	<u>\$ 34,020,576</u>	<u>\$ 4,691,054</u>

In 2004, the City renewed its \$7.5 million lines of credit; \$5 million general obligation line of credit and \$2.5 water and wastewater system line of credit with Bank of America, Texas for a three-year term. As of September 30, 2004, there were no outstanding draws on the line of credits.

a) Governmental Activities Long-Term Debt

Long-term debt in the governmental type activities column of the government-wide financial statements consists of general obligation bonds, including refundings, sales tax revenue bonds, certificates of obligation bonds, a line of credit, and accrued compensated absence. The certificates of obligation bonds includes bonds issued in 2004 for Tax Increment Financing Zones No. 1 and No. 2 projects.

(i) General Obligation Debt

In March 2004 the City issued \$4,855,000 in General Obligation Bonds Series 2004. The proceeds of the bonds were used to provide \$4,855,000 of capital funds, and to pay the cost of issuance.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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In March 2004 the City issued \$3,378,000 in Certificates of Obligation Bonds Series 2004. The proceeds of the bonds were used to provide capital funds for governmental activities improvements and to pay the cost of issuance. Also included in the issue were \$717,000 capital funds for the municipal golf course, which is accounted for in an enterprise fund, for a total issue of \$4,095,000

In August 2004 the City issued \$6,170,000 in General Obligation Refunding Bonds Series 2004A. The proceeds of the bonds were used to current refund \$1,955,000 of the city's debt, to provide \$4,215,000 of capital funds, and to pay the cost of issuance. This current refunding was undertaken to reduce total debt service payments over the next 11 years by \$327,786 and resulted in an economic gain of \$237,623.

In August 2004 the City issued \$15,365,000 in Certificates of Obligation Bonds Series 2004B. The proceeds of the bonds were used to provide \$15,365,000 of capital funds, and to pay the cost of issuance.

At September 30, 2004, general obligation bonds authorized and unissued amounted to \$61,208,000. When issued, the proceeds will be allocated to various specified improvements.

(ii) Sales Tax Debt

Sales Tax Revenue Bonds were issued in prior years to finance improvements to the City's municipal parks and recreation system. The bonds are secured by a ¼ cent sales tax approved by the voters in November 1999 and effective in April 2000.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

Governmental type long-term debt is summarized as follows:

	<u>Interest Rate %</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
<b>General obligation bonds:</b>					
Series 1992	3.4-6.5	1992	2011	21,793,095	\$ 2,438,847
Series 1997	4.9-6.9	1997	2017	2,425,000	1,925,000
Series 1997A	4.4-6.4	1997	2018	2,710,000	2,230,000
Series 1998A	4.0-5.0	1998	2019	16,179,364	10,338,894
Series 1999	5.5	1998	2011	12,568,627	2,586,084
Series 2000	5.25-7.25	2000	2020	4,435,000	3,915,000
Series 2001	4.5-5.5	2001	2021	5,000,000	4,510,000
Series 2002	4.5-5.0	2002	2022	6,550,000	6,145,000
Series 2002A	3.9-4.875	2002	2022	9,900,000	9,235,000
Series 2003	2.0-4.60	2003	2023	11,025,000	10,445,000
Series 2003A	2.0-4.30	2003	2014	5,875,000	4,820,000
Series 2004	2.0-4.50	2004	2024	4,855,000	4,855,000
Series 2004A	2.0-4.75	2004	2024	6,170,000	<u>6,170,000</u>
Total general obligation bonds					<u>69,613,825</u>
<b>Certificates of obligation bonds:</b>					
Tax and revenue bonds:					
Series 1996	5.25-5.40	1996	2016	1,200,000	520,000
Series 1997	4.75-6.75	1997	2017	3,200,000	2,135,000
Series 1997A	4.60-5.75	1997	2018	1,515,000	835,000
Series 1998A	3.60-5.00	1998	2019	7,270,000	5,345,000
Series 2000	4.9-6.9	2000	2020	2,760,000	1,425,000
Series 2000A	5.0-5.5	2000	2020	3,800,000	3,360,000
Series 2001	4.5-5.5	2001	2021	5,900,000	4,870,000
Series 2002A	2.8	2002	2005	500,000	175,000
Series 2002C	3.85-4.75	2002	2022	2,650,000	2,030,000
Series 2003	2.0-2.25	2003	2006	5,000,000	335,000
Series 2003A	2.0-5.0	2003	2028	4,960,000	4,830,000
Series 2004	2.5-4.45	2004	2024	2,894,000	2,894,000
Series 2004B	2.0-4.75	2004	2024	8,280,000	<u>8,280,000</u>
					<u>37,034,000</u>
Tax and tax increment bonds					
Series 2001	LIBOR + .55% *	2000	2020	17,900,000	17,425,000
Series 2002B	4.5-5.0	2001	2021	2,800,000	2,595,000
Series 2003B	2.0-5.0	2003	2020	1,030,000	985,000
Series 2003C	2.0-5.0	2003	2020	4,340,000	4,150,000
Series 2004B	2.0-4.75	2004	2024	1,170,000	<u>1,170,000</u>
					<u>26,325,000</u>
Total certificate of obligation bonds					<u>63,359,000</u>
<b>Sales tax revenue bonds:</b>					
Series 2000	5.4-7.4	2000	2025	3,670,000	3,360,000
Series 2000A	5.0-5.5	2000	2026	5,200,000	4,880,000
Series 2001	4.125-5.125	2001	2027	11,055,000	10,290,000
Series 2001A	4.125-5.0	2001	2027	8,500,000	8,020,000
Series 2002	4.0-5.0	2002	2027	5,000,000	<u>4,775,000</u>
Total sales tax revenue bonds					<u>31,325,000</u>
<b>Parks &amp; Recreation CO'S</b>					
Series 2004	2.5-4.45	2004	2024	484,000	484,000
Series 2004B	2.0-4.75	2004	2024	5,915,000	<u>5,915,000</u>
Total parks & recreation CO's					<u>6,399,000</u>
<b>Compensated absences</b>					
	N/A	N/A	N/A	N/A	<u>8,758,565</u>
<b>Total</b>					<u>\$ 179,455,390</u>

\*Debt service rate was 2.26% at September 30, 2004.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

The changes in governmental type long-term debt is summarized below:

	Balance October 1, 2003	Borrowings or Increase	Payments or Decrease	Balance September 30, 2004	Due Within One Year
<b>General obligation bonds:</b>					
Series 1985	\$ 645,000	\$	\$ (645,000)	\$	\$
Series 1985 unamortized discount	(22,986)	22,986			
Series 1992	5,318,460		(2,734,200)	2,584,260	2,584,260
Series 1992 unamortized discount	(453,905)	308,492		(145,413)	
Series 1995	2,060,000		(2,060,000)		
Series 1997	2,025,000		(100,000)	1,925,000	105,000
Series 1997-A	2,330,000		(100,000)	2,230,000	105,000
Series 1998-A	11,115,442		(776,548)	10,338,894	815,404
Series 1999	2,328,480			2,328,480	
Series 1999 unamortized premium	297,491		(39,887)	257,604	
Series 2000	4,055,000		(140,000)	3,915,000	150,000
Series 2001	4,680,000		(170,000)	4,510,000	180,000
Series 2002	6,355,000		(210,000)	6,145,000	220,000
Series 2002-A	9,565,000		(330,000)	9,235,000	345,000
Series 2003	11,025,000		(580,000)	10,445,000	600,000
Series 2003-A	5,875,000		(1,055,000)	4,820,000	1,020,000
Series 2004		4,855,000		4,855,000	175,000
Series 2004-A		6,170,000		6,170,000	300,000
Total general obligation bonds	<u>67,197,982</u>	<u>11,356,478</u>	<u>(8,940,635)</u>	<u>69,613,825</u>	<u>6,599,664</u>
<b>Certificates of obligation bonds:</b>					
<b>Tax and revenue bonds:</b>					
Series 1996	550,000		(30,000)	520,000	30,000
Series 1997	2,245,000		(110,000)	2,135,000	115,000
Series 1997-A	875,000		(40,000)	835,000	40,000
Series 1998-A	5,620,000		(275,000)	5,345,000	290,000
Series 2000	1,635,000		(210,000)	1,425,000	225,000
Series 2000-A	3,480,000		(120,000)	3,360,000	125,000
Series 2001	5,230,000		(360,000)	4,870,000	190,000
Series 2002-A	340,000		(165,000)	175,000	175,000
Series 2002-C	2,345,000		(315,000)	2,030,000	330,000
Series 2003	500,000		(165,000)	335,000	165,000
Series 2003-A	4,960,000		(130,000)	4,830,000	40,000
Series 2004		2,894,000		2,894,000	286,570
Series 2004B		8,280,000		8,280,000	400,000
	<u>27,780,000</u>	<u>11,174,000</u>	<u>(1,920,000)</u>	<u>37,034,000</u>	<u>2,411,570</u>
<b>Tax and tax increment bonds:</b>					
Series 2001	17,900,000		(475,000)	17,425,000	505,000
Series 2002-B	2,700,000		(105,000)	2,595,000	110,000
Series 2003B	1,030,000		(45,000)	985,000	45,000
Series 2003-C	4,340,000		(190,000)	4,150,000	195,000
Series 2004B		1,170,000		1,170,000	55,000
	<u>25,970,000</u>	<u>1,170,000</u>	<u>(815,000)</u>	<u>26,325,000</u>	<u>910,000</u>
Total certificate of obligation bonds	<u>53,750,000</u>	<u>12,344,000</u>	<u>(2,735,000)</u>	<u>63,359,000</u>	<u>3,321,570</u>
<b>Sales tax revenue bonds:</b>					
Series 2000	3,445,000		(85,000)	3,360,000	85,000
Series 2000-A	4,970,000		(90,000)	4,880,000	100,000
Series 2001	10,555,000		(265,000)	10,290,000	275,000
Series 2001-A	8,190,000		(170,000)	8,020,000	180,000
Series 2002	4,885,000		(110,000)	4,775,000	115,000
Total sales tax revenue bonds	<u>32,045,000</u>		<u>(720,000)</u>	<u>31,325,000</u>	<u>755,000</u>
<b>Parks &amp; Recreation CO's:</b>					
Series 2004		484,000		484,000	17,502
Series 2004B		5,915,000		5,915,000	210,000
		<u>6,399,000</u>		<u>6,399,000</u>	<u>227,502</u>
<b>Compensated absences:</b>					
	<u>9,202,117</u>	<u>3,577,056</u>	<u>(4,020,608)</u>	<u>8,758,565</u>	<u>656,893</u>
<b>Total</b>	<u>\$ 162,195,099</u>	<u>\$ 33,676,534</u>	<u>\$ (16,416,243)</u>	<u>\$ 179,455,390</u>	<u>\$ 11,560,629</u>

\* Debt service rate was 2.26% at September 30, 2004.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

The aggregate debt service payments through final year of maturity for the City's governmental general obligation bonds, certificates of obligation bonds, and sales tax revenue bonds are as follows:

Fiscal Year	General Obligation Bonds			Certificates of Obligation Bonds			TIF Certificates of Obligation Bonds		
	Principal	Interest	Total	Principal (1)	Interest	Total	Principal	Interest	Total
2005	\$ 6,599,664	\$ 2,812,259	\$ 9,411,923	\$ 2,411,570	\$ 1,434,455	\$ 3,846,025	\$ 910,000	\$ 2,084,648	\$ 2,994,648
2006	4,480,856	2,667,366	7,148,222	1,861,570	1,360,560	3,222,130	960,000	2,430,529	3,390,529
2007	4,611,494	2,499,568	7,111,062	1,609,900	1,298,782	2,908,682	1,015,000	2,756,385	3,771,385
2008	4,287,990	2,325,441	6,613,431	1,568,229	1,238,044	2,806,273	1,065,000	2,651,723	3,716,723
2009	3,850,160	2,161,310	6,011,470	1,641,559	1,173,437	2,814,996	1,135,000	2,539,148	3,674,148
2010	4,002,210	1,998,790	6,001,000	1,716,559	1,103,216	2,819,775	1,200,000	2,417,104	3,617,104
2011	3,804,260	1,830,777	5,635,037	1,789,889	1,026,882	2,816,771	1,265,000	2,286,098	3,551,098
2012	3,515,000	1,673,786	5,188,786	1,868,218	945,076	2,813,294	1,350,000	2,146,123	3,496,123
2013	3,700,000	1,519,606	5,219,606	1,969,878	858,054	2,827,932	1,430,000	1,996,074	3,426,074
2014	3,415,000	1,362,767	4,777,767	2,053,207	765,077	2,818,284	1,520,000	1,835,355	3,355,355
2015	3,490,000	1,206,983	4,696,983	1,921,537	671,364	2,592,901	1,615,000	1,662,988	3,277,988
2016	3,425,000	1,047,119	4,472,119	2,028,196	575,383	2,603,579	1,710,000	1,478,101	3,188,101
2017	3,615,000	880,624	4,495,624	2,066,526	473,862	2,540,388	1,815,000	1,280,316	3,095,316
2018	3,575,000	708,681	4,283,681	1,943,185	374,472	2,317,657	1,930,000	1,068,691	2,998,691
2019	3,515,000	538,099	4,053,099	1,951,515	278,141	2,229,656	2,060,000	842,019	2,902,019
2020	2,865,000	384,186	3,249,186	1,553,174	191,102	1,744,276	2,185,000	599,388	2,784,388
2021	2,610,000	253,577	2,863,577	1,169,833	124,702	1,294,535	1,525,000	359,625	1,884,625
2022	2,340,000	137,128	2,477,128	791,492	78,950	870,442	1,635,000	122,625	1,757,625
2023	1,150,000	55,996	1,205,996	683,152	45,171	728,323			
2024	650,000	14,920	664,920	629,811	14,703	644,514			
2025									
2026									
2027									
2028									
	69,501,634	26,078,983	95,580,617	33,229,000	14,031,433	47,260,433	26,325,000	30,556,936	56,881,936
Less									
Unamortized									
Premium/									
(Discount)	112,191		112,191						
	<u>\$ 69,613,825</u>	<u>\$ 26,078,983</u>	<u>\$ 95,692,808</u>	<u>\$ 33,229,000</u>	<u>\$ 14,031,433</u>	<u>\$ 47,260,433</u>	<u>\$ 26,325,000</u>	<u>\$ 30,556,936</u>	<u>\$ 56,881,936</u>

(1) Per this table (aggregate debt service payments):

Certificates of Obligation Bonds	\$33,229,000
Parks/Cemetery Certificates of Obligation Bonds	10,204,000
	<u>\$43,433,000</u>

Per previous table (changes in governmental long-term debt):

Certificates of Obligation Bonds	\$37,034,000
Parks and Recreation Certificates of Obligation Bonds	6,399,000
	<u>\$43,433,000</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

Parks/Cemetery Certificates of Obligation			Park Venue Sales Tax Revenue Bonds			Total		
Principal	Interest	Total	Principal (1)	Interest	Total	Principal	Interest	Total
\$ 322,502	\$ 418,981	\$ 741,483	\$ 755,000	\$ 1,562,712	\$ 2,317,712	\$ 10,998,736	\$ 7,894,074	\$ 18,892,810
332,502	412,093	744,595	800,000	1,525,368	2,325,368	8,434,928	7,983,823	16,418,751
338,175	404,273	742,448	845,000	1,485,518	2,330,518	8,419,569	8,040,253	16,459,822
348,848	395,400	744,248	885,000	1,442,921	2,327,921	8,155,067	7,658,129	15,813,196
359,522	385,062	744,584	935,000	1,398,558	2,333,558	7,921,241	7,272,453	15,193,694
364,522	373,083	737,605	985,000	1,352,584	2,337,584	8,268,291	6,871,694	15,139,985
380,195	359,881	740,076	1,035,000	1,304,220	2,339,220	8,274,344	6,447,977	14,722,321
395,868	345,392	741,260	1,085,000	1,253,675	2,338,675	8,214,086	6,018,660	14,232,746
412,214	329,454	741,668	1,145,000	1,200,311	2,345,311	8,657,092	5,574,045	14,231,137
427,887	312,365	740,252	1,200,000	1,143,696	2,343,696	8,616,094	5,106,895	13,722,989
448,561	294,291	742,852	1,270,000	1,083,375	2,353,375	8,745,098	4,624,710	13,369,808
469,907	274,385	744,292	1,330,000	1,018,838	2,348,838	8,963,103	4,119,441	13,082,544
490,580	252,679	743,259	1,410,000	950,048	2,360,048	9,397,106	3,584,850	12,981,956
516,926	229,791	746,717	1,485,000	876,556	2,361,556	9,450,111	3,028,400	12,478,511
537,599	205,795	743,394	1,565,000	798,448	2,363,448	9,629,114	2,456,707	12,085,821
563,946	180,493	744,439	1,650,000	715,703	2,365,703	8,817,120	1,890,379	10,707,499
590,292	153,726	744,018	1,745,000	627,956	2,372,956	7,640,125	1,365,860	9,005,985
616,638	125,697	742,335	1,845,000	534,968	2,379,968	7,228,130	873,671	8,101,801
642,985	96,160	739,145	1,950,000	436,244	2,386,244	4,426,137	537,411	4,963,548
679,331	64,601	743,932	2,065,000	330,998	2,395,998	4,024,142	345,701	4,369,843
225,000	42,625	267,625	2,180,000	219,263	2,399,263	2,405,000	219,263	2,624,263
235,000	31,125	266,125	2,225,000	104,309	2,329,309	2,460,000	104,309	2,564,309
245,000	19,125	264,125	935,000	23,375	958,375	1,180,000	23,375	1,203,375
260,000	6,500	266,500				260,000		260,000
10,204,000	5,712,977	15,916,977	31,325,000	21,389,644	52,714,644	170,584,634	92,042,076	262,626,710
						112,191		112,191
<u>\$ 10,204,000</u>	<u>\$ 5,712,977</u>	<u>\$ 15,916,977</u>	<u>\$ 31,325,000</u>	<u>\$ 21,389,644</u>	<u>\$ 52,714,644</u>	<u>\$ 170,696,825</u>	<u>\$ 92,042,076</u>	<u>\$ 262,738,901</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

b) Business Type Activities Long-Term Debt

Long-term debt in the business type activities column of the government-wide financial statements consists of general obligation refunding bonds, water and wastewater system revenue bonds, certificates of obligation bonds, a line of credit, accrued compensated absence and closure and post closure liability.

Debt is issued to fund improvements for the following activities: the water and wastewater system, the solid waste system, the golf courses and the airport.

The long-term debt for the business type activities is summarized as follows:

	<u>Interest Rate %s</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
<b>WATER AND WASTEWATER</b>					
General obligation bonds:					
Series 1998-A	4.0-5.0	1998	2019	\$ 340,757	\$ 102,402
Total general obligation bonds					<u>102,402</u>
Revenue bonds:					
Water and wastewater system:					
Series 1995	5.6-6.0	1995	2015	4,550,000	
Series 1998	4.3-5.0	1998	2019	3,575,000	3,060,000
Series 2002	4.5-5.0	1998	2019	4,100,000	3,845,000
Series 2002-A	4.0-4.5	1998	2019	2,650,000	2,450,000
Series 2003	2.0-4.6	2003	2023	12,610,000	10,679,612
Series 2004	2.5-4.45	2004	2024	7,110,000	7,110,000
Series 2004A	2.0-4.75	2004	2024	5,615,000	5,615,000
Trinity River Authority:					
Series 1979	5.50-7.50	1979	2004	3,250,000	
Total revenue bonds					<u>32,759,612</u>
Compensated absences	N/A	N/A	N/A	N/A	<u>188,860</u>
Total water and wastewater system long term debt					<u>33,050,874</u>
<b>SOLID WASTE</b>					
General obligation bonds:					
Series 1992	3.4-6.5	1992	2011	2,902,232	326,263
Series 1999	5.5	1998	2011	1,618,370	311,520
Total general obligation bonds					<u>637,783</u>
Closure and post closure liability	N/A	N/A	N/A	N/A	<u>2,915,000</u>
Compensated absences	N/A	N/A	N/A	N/A	<u>62,467</u>
Total solid waste system long term debt					<u>3,615,250</u>
<b>MUNICIPAL AIRPORT</b>					
General obligation bonds:					
Series 1998-B	3.25-4.90	1998	2012	1,238,648	415,000
Certificates of Obligation					
Series 2004A	2.25-5.0	2004	2024	2,120,000	2,120,000
Compensated absences	N/A	N/A	N/A	N/A	<u>23,424</u>
Total municipal airport long term debt					<u>2,558,424</u>
<b>MUNICIPAL GOLF</b>					
General obligation bonds:					
Series 2002	4.5-5.0	2002	2022	835,000	835,000
Series 2004A		2004		3,510,000	3,510,000
Total general obligation bonds					<u>4,345,000</u>
Certificate of obligation bonds:					
Series 1993-A	4.4-6.25	1993	2013	5,000,000	
Series 1998-A	3.6-5.0	1998	2019	2,600,000	2,140,000
Series 2004	2.50-4.45	2004	2024	717,000	717,000
Series 2004B	2.0-4.75	2004	2024	1,215,000	1,215,000
Total certificate of obligation bonds					<u>4,072,000</u>
Compensated absences	N/A	N/A	N/A	N/A	<u>53,255</u>
Total municipal golf long term debt					<u>8,470,255</u>
<b>STORM WATER UTILITY</b>					
Compensated absences	N/A	N/A	N/A	N/A	<u>457</u>
<b>ALLOCATION FROM INTERNAL SERVICE FUNDS</b>					
Compensated absences					<u>3,234</u>
<b>TOTAL</b>	N/A	N/A	N/A	N/A	<u>\$ 47,698,494</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

The changes in long-term debt for business type activities is summarized as follows:

	Balance October 1, 2003	Borrowings or Increase	Payments or Decrease	Balance September 30, 2004	Due Within One Year
<b>WATER AND WASTEWATER</b>					
General obligation bonds:					
Series 1998-A	\$ 129,558	\$	\$ (23,452)	\$ 106,106	\$ 24,596
Series 1998-A unamortized refunding loss	(4,939)		1,235	(3,704)	
Total general obligation bonds	<u>124,619</u>		<u>(22,217)</u>	<u>102,402</u>	<u>24,596</u>
Revenue bonds:					
Water and wastewater system:					
Series 1995	3,355,000		(3,355,000)		
Series 1998	3,200,000		(140,000)	3,060,000	145,000
Series 2002	3,975,000		(130,000)	3,845,000	135,000
Series 2002-A	2,550,000		(100,000)	2,450,000	100,000
Series 2003	12,739,612		(2,060,000)	10,679,612	1,610,000
Series 2004		7,110,000		7,110,000	380,000
Series 2004A		5,615,000		5,615,000	215,000
	<u>25,819,612</u>	<u>12,725,000</u>	<u>(5,785,000)</u>	<u>32,759,612</u>	<u>2,585,000</u>
Trinity River Authority:					
Series 1979	275,000		(275,000)		
Total revenue bonds	<u>26,094,612</u>	<u>12,725,000</u>	<u>(6,060,000)</u>	<u>32,759,612</u>	<u>2,585,000</u>
Compensated absences	180,373	87,709	(79,222)	188,860	79,222
Total water and wastewater long term debt	<u>26,399,604</u>	<u>12,812,709</u>	<u>(6,161,439)</u>	<u>33,050,874</u>	<u>2,688,818</u>
<b>SOLID WASTE</b>					
General obligation bonds:					
Series 1992	711,540		(365,800)	345,740	345,740
Series 1992 unamortized discount	(60,750)		41,273	(19,477)	
Series 1999	311,520			311,520	
Total general obligation bonds	<u>962,310</u>		<u>(324,527)</u>	<u>637,783</u>	<u>345,740</u>
Closure and post closure liability	1,924,343	990,657		2,915,000	
Compensated absences	47,712	35,711	(20,956)	62,467	20,956
Total solid waste long term debt	<u>2,934,365</u>	<u>1,026,368</u>	<u>(345,483)</u>	<u>3,615,250</u>	<u>366,696</u>
<b>MUNICIPAL AIRPORT</b>					
General obligation bonds:					
Series 1998-B	455,000		(40,000)	415,000	45,000
Certificates of Obligation					
Series 2004A		2,120,000		2,120,000	
Compensated absences	17,772	13,458	(7,806)	23,421	7,806
Total municipal airport long term debt	<u>472,772</u>	<u>2,133,458</u>	<u>(47,806)</u>	<u>2,558,421</u>	<u>52,806</u>
<b>MUNICIPAL GOLF</b>					
General obligation bonds:					
Series 2002	835,000			835,000	
Series 2004A		3,510,000		3,510,000	110,000
Total general obligation bonds	<u>835,000</u>	<u>3,510,000</u>		<u>4,345,000</u>	<u>110,000</u>
Certificate of obligation bonds:					
Series 1993-A	3,425,000		(3,425,000)		
Series 1998-A	2,240,000		(100,000)	2,140,000	100,000
Series 2004		717,000		717,000	25,928
Series 2004B		1,215,000		1,215,000	45,000
Total certificate of obligation bonds	<u>5,665,000</u>	<u>1,932,000</u>	<u>(3,525,000)</u>	<u>4,072,000</u>	<u>170,928</u>
Compensated absences	55,259	22,268	(24,269)	53,258	24,269
Total municipal golf long term debt	<u>6,555,259</u>	<u>5,464,268</u>	<u>(3,549,269)</u>	<u>8,470,258</u>	<u>305,197</u>
<b>STORM WATER</b>					
Compensated absences	991		(534)	457	435
<b>ALLOCATED FROM INTERNAL SERVICE FUNDS</b>					
Compensated absences	3,405	49,091	(49,262)	3,234	1,497
<b>TOTAL</b>	<u>\$36,366,396</u>	<u>\$ 21,485,894</u>	<u>\$ (10,153,793)</u>	<u>\$ 47,698,494</u>	<u>\$ 3,415,449</u>



CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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(i) Water and Wastewater System Debt

In March 2004 the City issued \$7,110,000 in Water Wastewater System Revenue Refunding and Improvement Bonds, Series 2004. The proceeds of the bonds and \$62,664 of cash were used to current refund \$3,145,000 of the system's debt, provide \$3,965,000 of capital funds, and to pay the cost of issuance.

This current refunding was undertaken to reduce total debt service payments over the next 11 years by \$503,470 and resulted in an economic gain of \$407,284.

In August 2004 the City issued \$5,615,000 in Water Wastewater System Bonds, Series 2004A. The proceeds of the bonds were used to provide \$5,615,000 of capital funds, and to pay the cost of issuance.

Water and wastewater system long-term debt consists of general obligation refunding bonds, revenue bonds, and Trinity River authority tax and revenue bonds, which are all being repaid with water and wastewater system revenues

Although not required by state laws, City Council in the past has chosen to have the electorate vote to authorize revenue bond issuance. At September 30, 2004, water and wastewater system revenue bonds authorized and unissued totaled \$3,220,000. When sold over the next several years, the proceeds will be allocated to replacement and improvement projects.

The following covenants are included in each of the 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 12 consecutive months out of the 15 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, 2004, the City was in compliance with these covenants.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

Debt service to maturity on the City's outstanding water and wastewater system bond debt is summarized as follows:

General Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 24,596	\$ 4,012	\$ 28,608
2006	25,454	2,974	28,428
2007	27,456	1,849	29,305
2008	28,600	629	29,229
Subtotal	<u>106,106</u>	<u>9,464</u>	<u>115,570</u>
Less unamortized loss on refunding	<u>(3,704)</u>		<u>(3,704)</u>
Total	<u>\$ 102,402</u>	<u>\$ 9,464</u>	<u>\$ 111,866</u>

Water and Wastewater System Revenue Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 2,585,000	\$ 1,193,501	\$ 3,778,501
2006	1,945,000	1,152,780	3,097,780
2007	1,975,000	1,097,034	3,072,034
2008	2,075,000	1,034,151	3,109,151
2009	2,110,000	963,365	3,073,365
2010	2,180,000	887,473	3,067,473
2011	1,950,000	811,664	2,761,664
2012	1,790,000	739,703	2,529,703
2013	1,855,000	667,081	2,522,081
2014	1,600,000	596,724	2,196,724
2015	1,580,000	530,323	2,110,323
2016	1,285,000	469,118	1,754,118
2017	1,340,000	411,075	1,751,075
2018	1,400,000	349,079	1,749,079
2019	1,465,000	283,715	1,748,715
2020	1,245,000	222,205	1,467,205
2021	1,305,000	164,535	1,469,535
2022	1,365,000	103,665	1,468,665
2023	895,000	52,061	947,061
2024	<u>685,000</u>	<u>15,849</u>	<u>700,849</u>
Total	\$ 32,630,000	\$ 11,745,101	\$ 44,375,101
Plus unamortized premium	<u>129,612</u>	<u>0</u>	<u>129,612</u>
	<u>\$ 32,759,612</u>	<u>\$ 11,745,101</u>	<u>\$ 44,504,713</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

Water and Wastewater System Debt Service Coverage

According to the terms of the ordinance which authorized the sale of Water and Wastewater Revenue Bonds, the Water and Wastewater system will produce net revenues each year in an amount reasonably estimated to be not less than 1.25 times the average annual principal and interest requirements of the outstanding bonds. At September 30, 2004, compliance with this requirement can be demonstrated as follows:

Revenue <sup>(1)</sup>	<u>\$ 34,493,340</u>
Operating expense (excluding depreciation):	
Water purchased	6,683,792
Sewage disposal contract	6,386,274
Other	<u>10,240,709</u>
Total expense <sup>(2)</sup>	<u>23,310,775</u>
Available for debt service	<u>\$ 11,182,565</u>
Average annual principal and interest requirements, all water and wastewater revenue bonds at September 30, 2004	<u>\$ 2,218,755</u>
Coverage of average annual requirements based on September 30, 2004 revenue available for debt service	<u>5.04</u>

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

(2) Excludes depreciation expense.

The City's Debt Management Policies prescribe that the coverage ratio for all outstanding debt be at 1.50. Total debt service on a cash basis in 2004 was \$3,831,253 for a coverage of 2.92.

ii) Municipal Golf Course Long-Term Debt

Municipal Golf Course Long-Term Debt consists of general obligation refunding bonds issued in 2004, certificates of obligation bonds issued in 1993, 1998 and 2004 used to finance the construction of the Tangle Ridge Golf Course and improvements to other City municipal golf courses, and accrued compensated absences. The long-term debt are currently being repaid from the General Fund and the Debt Service Fund.

In March 2004 the City issued \$717,000 in General Obligation Refunding Bonds Series 2004. The proceeds of the bonds were used to provide \$717,000 of capital funds, and to pay the cost of issuance

In August 2004 the City issued \$3,510,000 in General Obligation Refunding Bonds Series 2004A. The proceeds of the bonds were used to current refund \$3,425,000 of the city's debt, and to pay the cost of issuance.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

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This current refunding was undertaken to restructure the total debt service payments over the next 20 years by \$1,209,510 and resulted in an economic gain of \$70,136.

In August 2004 the City issued \$1,215,000 in Combination Tax & Revenue Certificates of Obligation, Series 2004B. The proceeds of the bonds were used to provide \$1,215,000 of capital funds, and to pay the cost of issuance

Debt service to maturity of outstanding bonds are summarized as follows:

General Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 110,000	\$ 180,989	\$ 290,989
2006	115,000	178,739	293,739
2007	120,000	176,239	296,239
2008	120,000	173,389	293,389
2009	125,000	170,014	295,014
2010	130,000	166,026	296,026
2011	130,000	161,639	291,639
2012	135,000	156,833	291,833
2013	140,000	151,501	291,501
2014	145,000	145,489	290,489
2015	155,000	138,786	293,786
2016	160,000	131,624	291,624
2017	165,000	124,029	289,029
2018	175,000	115,794	290,794
2019	190,000	106,819	296,819
2020	405,000	93,044	498,044
2021	425,000	74,369	499,369
2022	445,000	54,794	499,794
2023	465,000	34,028	499,028
2024	<u>490,000</u>	<u>11,638</u>	<u>501,638</u>
Total	<u>\$ 4,345,000</u>	<u>\$ 2,545,783</u>	<u>\$ 6,890,783</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

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Certificate of Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 170,928	\$ 173,166	\$ 344,094
2006	175,928	167,338	343,266
2007	181,925	161,151	343,076
2008	187,922	154,431	342,353
2009	193,919	147,111	341,030
2010	203,919	139,242	343,161
2011	214,917	130,739	345,656
2012	225,914	121,319	347,233
2013	232,908	111,052	343,960
2014	243,905	100,202	344,107
2015	254,903	88,849	343,752
2016	266,897	76,711	343,608
2017	282,894	63,654	346,548
2018	289,889	50,051	339,940
2019	305,886	35,895	341,781
2020	117,880	26,061	143,941
2021	119,875	20,865	140,740
2022	126,869	15,427	142,296
2023	133,864	9,579	143,443
2024	140,858	3,269	144,127
Total	<u>\$ 4,072,000</u>	<u>\$ 1,796,112</u>	<u>\$ 5,868,112</u>

iii) Solid Waste Long-Term Debt

Solid Waste Fund debt consists of general obligation refunding bonds issued in 1992 and 1999 and accrued compensated absences. Although the bonds carry a tax pledge, they are being repaid solely from solid waste revenue.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

Debt service to maturity on outstanding bonds is summarized as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 345,740	\$ 17,134	\$ 362,874
2006	53,690	15,657	69,347
2007	56,050	12,639	68,689
2008	58,410	9,492	67,902
2009	44,840	6,652	51,492
2010	47,790	4,105	51,895
2011	50,740	1,395	52,135
	<u>657,260</u>	<u>67,074</u>	<u>724,334</u>
Subtotal			
Less unamortized bond discount	<u>(19,477)</u>		<u>(19,477)</u>
Total	<u>\$ 637,783</u>	<u>\$ 67,074</u>	<u>\$ 704,857</u>

iv) Municipal Airport Long-Term Debt

Municipal Airport Fund long term debt consists 1998 general obligation refunding bonds, 2004 Certificates of Obligations and accrued compensated absences. The long-term debt is being repaid solely from airport revenues.

In August 2004 the City issued \$2,120,000 in Combination Tax & Revenue Certificates of Obligation, Series 2004A. The proceeds of the bonds were used to provide \$2,120,000 of capital funds, and to pay the cost of issuance

Debt service to maturity on outstanding bonds is summarized as follows:

General Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 45,000	\$ 18,980	\$ 63,980
2006	45,000	17,090	62,090
2007	50,000	15,155	65,155
2008	50,000	12,955	62,955
2009	55,000	10,705	65,705
2010	50,000	8,175	58,175
2011	55,000	5,825	60,825
2012	65,000	3,185	68,185
	<u>415,000</u>	<u>92,070</u>	<u>507,070</u>
Total	<u>\$ 415,000</u>	<u>\$ 92,070</u>	<u>\$ 507,070</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

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Certificate of Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$	\$ 95,548	\$ 95,548
2006	40,000	95,098	135,098
2007	40,000	94,148	134,148
2008	45,000	92,973	137,973
2009	40,000	91,648	131,648
2010	50,000	90,123	140,123
2011	50,000	88,248	138,248
2012	45,000	86,291	131,291
2013	115,000	83,035	198,035
2014	120,000	78,260	198,260
2015	125,000	72,973	197,973
2016	130,000	67,073	197,073
2017	140,000	60,660	200,660
2018	145,000	53,891	198,891
2019	150,000	46,979	196,979
2020	160,000	39,710	199,710
2021	170,000	31,830	201,830
2022	175,000	23,375	198,375
2023	185,000	14,375	199,375
2024	<u>195,000</u>	<u>4,875</u>	<u>199,875</u>
Total	<u>\$ 2,120,000</u>	<u>\$ 1,311,113</u>	<u>\$ 3,431,113</u>

c) Grand Prairie Sports Facility Development Corporation Long-Term Debt

The Sports Corporation debt originally consisted of \$40.9 million Sales Tax Revenue Bonds, Series 1995 and \$14.1 million Subordinated Lien Sales Tax Revenue Notes, Series 1995A. The proceeds from the sale of the bonds and notes were used for the construction of the Lone Star Park at Grand Prairie horse track facility. In March 1999, the 1995 and 1995A Bonds and Notes were refunded with \$38.4 million Sales Tax Taxable Refunding Bonds, Series 1999A and \$15.3 million Sales Tax Exempt Refunding Bonds, Series 1999B. In September 2003 a portion of the 1999A and all of the 1999B were refunded with the \$15.92 million 2003A Sales Tax Taxable Refunding Bonds and \$10.04 million Series 2003B Sales Tax Exempt Refunding Bonds.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

The Sports Corporation long-term debt is summarized as follows:

	Interest Rate	Date of Issue	Date of Maturity	Original Amount	Amount Outstanding
Sales Tax Taxable Refunding Bonds:					
Series 1999A	5.1-7.13	1999	2018	\$ 36,655,601	\$ 3,790,000
Sales Tax Taxable Refunding Bonds:					
Series 2003A	1.60	2003	2010	15,920,000	12,335,000
Sales Tax Tax-Exempt Refunding Bonds:					
Series 2003B	1.23	2003	2009	10,040,000	7,515,000
Deferred loss on refunding					(6,087,790)
Discount on bonds					(100,399)
Total					<u>\$ 17,451,811</u>

The changes in the Sports Corporation long-term debt is summarized as follows:

	Balance October 1, 2003	Borrowings or Increase	Payments or Decrease	Balance September 30, 2004	Due Within One Year
Sales Tax Taxable Refunding Bonds:					
Series 1999A	\$ 4,915,000		\$(1,125,000)	\$ 3,790,000	\$ 1,190,000
Sales Tax Taxable Refunding Bonds:					
Series 2003A	15,920,000		(3,585,000)	12,335,000	1,820,000
Sales Tax Exempt Refunding Bonds:					
Series 2003B	10,040,000		(2,525,000)	7,515,000	1,635,000
Deferred loss on refunding	(7,352,699)		1,264,909	(6,087,790)	
Discount on bonds	(126,744)		26,345	(100,399)	
Total	<u>\$23,395,557</u>		<u>\$(5,943,746)</u>	<u>\$ 17,451,811</u>	<u>\$ 4,645,000</u>

Debt service to maturity on the Sports Corporation's total outstanding bonds is summarized as follows:

Fiscal Year	Principal	Interest	Total
	\$	\$	\$
2005	4,645,000	610,021	5,255,021
2006	4,780,000	480,259	5,260,259
2007	4,915,000	344,938	5,259,938
2008	5,060,000	196,938	5,256,938
2009	4,240,000	111,659	4,351,659
Subtotal	<u>23,640,000</u>	<u>1,743,815</u>	<u>25,383,815</u>
Less unamortized loss on refunding	(6,087,790)		(6,087,790)
Less unamortized discount	(100,399)		(100,399)
Total	<u>\$ 17,451,811</u>	<u>\$ 1,743,815</u>	<u>\$ 19,195,626</u>

As of September 30, 2004, the principal outstanding on all previously defeased sales tax bonds was \$30,200,000.



CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

d) Grand Prairie Housing Finance Corporation Long-Term Debt

The HFC 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 7% and is payable in equal monthly installments of \$19,380 through July 1, 2027.

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% and are payable semi-annually with interest only through July 1, 2006. The bonds are nonrecourse liabilities collateralized solely by the land and construction in progress, less the accrued interest.

A summary of long-term debt activity during the fiscal year ended December 31, 2003 follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Note payable	\$ 2,722,249	\$	\$ (43,484)	\$ 2,678,765	\$ 46,054
Revenue bonds		13,890,000		13,890,000	
Total	<u>\$ 2,722,249</u>	<u>\$ 13,890,000</u>	<u>\$ (43,484)</u>	<u>\$ 16,568,765</u>	<u>\$ 46,054</u>

Future maturities of the debt are as follows:

Fiscal Year Ending December 31	Note Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
2004	\$ 46,054	\$ 186,506	\$	\$ 623,569
2005	49,886	182,674		1,068,975
2006	53,493	179,067		1,068,975
2007	57,360	175,200	160,000	1,065,975
2008	61,004	171,556	170,000	1,053,787
2009-2013	380,324	782,476	1,070,000	5,052,563
2014-2018	539,207	623,593	1,545,000	4,576,653
2019-2023	764,482	398,318	2,250,000	3,874,900
2024-2028	726,955	95,828	3,295,000	2,838,439
2029-2033			4,810,000	1,310,913
2034			590,000	22,862
Total	<u>\$ 2,678,765</u>	<u>\$ 2,795,218</u>	<u>\$ 13,890,000</u>	<u>\$ 22,557,611</u>

Conduit Debt – Mortgage Revenue Bonds

The HFC issues Single Family and Multi-Family Mortgage Revenue Bonds. The proceeds of the bonds are placed in trust to be used for the origination of qualifying single- or multi-family mortgages or to refund, at any time, of bonds previously issued by HFC. The bonds are to be paid only from the funds placed in trust, and these funds can be used only for purposes specified in the bond indenture. HFC is liable to the bondholders only to the extent of the related revenues and assets pledged under the indenture. Therefore, these transactions are accounted for as conduit

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

debt, and the principal amount of the bonds outstanding and assets held by the trustee are not reflected on the face of the financial statements. At December 31, 2003, outstanding conduit debt is as follows:

<u>Bond Series</u>	Original Issue <u>Amount</u>	Outstanding <u>Amount</u>
1991 Single-Family Mortgage Revenue Bonds	\$ 14,835,000	\$ 2,162,735
1991 Single-Family Mortgage Revenue Bonds	14,940,000	5,880,000
1993 Multi-Family Mortgage Revenue Refunding Bonds (Windridge Grand Prairie Associated, Ltd.)	9,000,000	9,000,000
1993 Multi-Family Mortgage Revenue Refunding Bonds (Lincoln Property Company No. 2188)	13,500,000	13,500,000
1995A Multi-Family Mortgage Revenue Bonds (Windsor Housing Foundation)	5,415,000	5,020,000
1995B Multi-Family Mortgage Revenue Bonds (Windsor Housing Foundation)	374,000	351,000
1998A Single-Family Mortgage Revenue and Refunding Bonds	17,419,000	12,916,723
1998B-1 Single-Family Mortgage Revenue Refunding Bonds	6,365,000	5,140,514
1998B-2 Single-Family Mortgage Revenue Bonds	1,575,000	1,272,004
2000 Single-Family Mortgage Revenue Refunding Bonds Drawdown	13,500,000	3,834,114
2000A Multi-Family Mortgage Revenue Bonds (Landings of Carrier Parkway)	15,235,000	15,235,000
2000B Multi-Family Mortgage Revenue Bonds (Landings of Carrier Parkway)	200,000	200,000
2001 Single-Family Mortgage Revenue Bonds	14,160,000	14,157,046

3) 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 \$2,915,000 in the Solid Waste Fund. The total liability represents the presumed costs to close and are for the landfill at its current, and not ultimate, stage of development, as estimated by the City's engineering consultant in 2004. At September 30, 2004, approximately 40% of the landfill's total capacity had been used. The costs will be revised as additional areas of the landfill are developed, or current areas of the landfill are developed. The City expects to close the landfill in the year 2018. Actual cost may be higher or lower due to inflation, changes in technology or changes in regulations. The expense for the landfill closure and post closure liabilities reported to date has been recognized.

**c. Fund Equity and Net Assets**

1) Reserved Fund Balance

Reservations of fund equity show amounts that are not available for expenditure or are legally restricted for specific uses. The purpose for each reserve is indicated by the account title on the face of the balance sheet for the governmental fund financial statements.

2) Designated Fund Balance

Designations of fund equity are used to show the amounts within unreserved fund balance for governmental funds which are intended to be used for specific purposes and reflect tentative managerial plans, but are not legally restricted.

3) Net Assets: Invested in capital assets, net of related debt

This component of net assets is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

4) Net Assets: Restricted for Debt Service

This component of net assets is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between assets and liabilities of the debt service funds that consists of assets with constraints placed on their use by the bond covenants.

5) Net Assets: Unrestricted

This component of net assets is reported in the proprietary fund financial statements and in the government-wide financial statements and represents the difference between assets and liabilities that is not reported in Net Assets Invested in Capital Assets, Net of Related Debt or Net Assets restricted for specific purposes.

**d. Interfund Transactions**

1) Interfund Receivables/Payables

There were no outstanding interfund receivables or payables at September 30, 2004.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

2) Interfund Transfers

The following is a summary of interfund transfers which were made for the normal operations of the city:

Transfers to the General Fund from:	
Park Venue Fund	\$ 52,051
Section 8 Fund	105,938
Solid Waste Fund	82,262
Water Wastewater Fund	177,371
Nonmajor governmental funds	538,345
Nonmajor enterprise funds	21,181
Internal Service Funds	<u>120,970</u>
	1,098,118
Transfers to Park Venue Fund from:	
General Fund	6,385,579
Debt Service Fund	8,315
Golf Fund	192,138
Nonmajor governmental funds	<u>131,411</u>
	6,717,443
Transfers to Golf Fund from:	
Nonmajor governmental funds	127,725
General Fund	600,000
Park Venue Fund	<u>192,138</u>
	919,863
Transfer to Street Improvements Fund from:	
Nonmajor governmental funds	5,057,350
Nonmajor enterprise funds	<u>2,437,400</u>
	7,494,750
Transfer to Section 8 from:	
General fund	<u>28,171</u>
	28,171
Transfer to Debt Service from:	
Section 8	50,000
Nonmajor governmental funds	<u>265,150</u>
	315,150
Transfer to the Water and Wastewater Fund from:	
General Fund	50,105
Street Improvements	<u>44,006</u>
	94,111
Transfer to Solid Waste from:	
Water and Wastewater Fund	<u>8,280</u>
	8,280
Transfer to nonmajor governmental funds from:	
General Fund	1,155,864
Street Improvements	1,459,778
Park Venue Fund	146,874
Debt Service Fund	285,000
Water and Wastewater Fund	981,687
Solid Waste Fund	116,703
Nonmajor enterprise funds	1,100,000
Nonmajor governmental funds	963,518
Internal service funds	<u>480,000</u>
	6,689,424
Transfer to internal service funds from:	
Section 8	7,582
Water and Wastewater Fund	41,924
Golf Fund	11,150
Solid Waste	11,150
Nonmajor governmental funds	341,831
Internal service funds	7,564
Nonmajor enterprise funds	<u>2,676</u>
	423,877
Total transfers	<u>\$ 23,789,188</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

3) 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 quasi-external rather than interfund transactions, and are treated as revenue in the General Fund and expense in the other funds. 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 aspects of Interfund services provided and used are that each department or fund both gives and receives consideration.

Significant cost reimbursements made during the year were as follows:

Water and Wastewater Funds	\$ 1,594,846
Solid Waste Funds	206,535
Section 8 Housing Grant Fund	133,319
CDBG Funds	52,000
Storm Water Funds	26,845
Grant Fund	<u>65,788</u>
Total to General Fund	<u><u>\$ 2,079,333</u></u>

4) Franchise Fees

The City's enterprises which use the public right-of-way funds 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 water lines, sewer lines, etc. These payments, 4% of gross revenues, are reported as interfund services provided and used rather than interfund transactions, and are treated as revenue (reported as franchise fees) in the General Fund and expense in the enterprise funds. Such fees paid during the year were:

<u>Fund</u>	<u>Amount</u>
Water and Wastewater Fund	\$ 1,190,216
Solid Waste Fund	460,386
Storm Water Fund	<u>73,434</u>
Total	<u><u>\$ 1,724,036</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

5) Payments in Lieu of Property Taxes

Two of the City's enterprise funds, the Water and Wastewater Fund and Solid Waste Fund, make payments in lieu of property taxes to the Street Maintenance Fund, which is included in "Other Governmental Funds", 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' fixed assets. Since the calculation methodology is not the same as that applied to similar activities in the private sector in several respects, the payments are recorded as transfers out rather than as an operating expense. Payments made during year were as follows:

<u>Fund</u>	<u>Amount</u>
Water and Wastewater Fund	\$ 716,977
Solid Waste Fund	<u>61,703</u>
Total	<u>\$ 778,680</u>

e. **Leases**

On September 15, 1995, the 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. The agreement states that upon completion of the project, MEC will lease the facility for a period of 30 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:

2005	\$ 1,320,000
2006	1,320,000
2007	1,419,000
2008	1,452,000
2009	1,452,000
Thereafter	<u>30,409,284</u>
	37,372,284
Less interest	<u>(21,000,371)</u>
Net present value	<u>\$ 16,371,913</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2004

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:

<u>Cumulative Net Retainages</u>	<u>Percentage</u>
\$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%

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 cost to construct the facilities is recorded as unamortized cost of facilities. Contingent rentals are recorded as revenue when received and the cost of facilities is amortized on a straight-line basis over the term of the lease (30 years), similar to that for an operating lease. Amortization for the year ended September 30, 2004 was \$3,235,967. During the year ended September 30, 2004, the Corporation incurred additional costs for improvements to the leased facilities of \$2,461,220.

The capital lease is being amortized using the interest method over the 30-year life of the lease; therefore, in the early years of the lease, the receivable will negatively amortize against the nominal interest recorded in the lease at the rate of the cost of funds. The Corporation has recorded lease rental and interest for the year ended September 30, as follows:

	<u>2004</u>
Nominal interest on the lease	\$1,320,000
Amortization of the lease	<u>(25,985)</u>
Net interest	1,294,015
Contingent rentals received (includes rent for simulcast facility prior to completion of project)	<u>487,662</u>
Total lease rental and interest	<u><u>\$1,781,677</u></u>

**4. CONTRACTS, COMMITMENTS AND CONTINGENT LIABILITIES**

**a. Federal 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.

**b. 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.

**c. Water Intake Facility Contract**

The City entered into a contract with the Trinity River Authority ("TRA") whereby TRA agreed to sell its revenue bonds and 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.

**d. Water Purchase Contracts**

According to the terms of a take-or-pay contract between the City and TRA, the City is entitled to 10.56% of the raw water yield of Lake Joe Pool which yields 15.1 million gallons of water a day. The City is paying for its prorated share of the project over a 50-year amortization period, 10 years from the date the reservoir gates were closed in January 1986. It is estimated that the City's total liability will be approximately \$7,032,000.

A contract with the City of Fort Worth, effective until the year 2010, permits the City to purchase up to 2.5 million gallons of treated water daily.

The City has a 30-year contract with the City of Dallas, which expires in 2012, for the purchase of water. Grand Prairie currently takes up to 27.8 million gallons a day, 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 (\$136,614 per million gallons per day) 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 million gallons per day.

**e. Wastewater Treatment Contract**

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 9.9% in the first eleven months of 2003-2004. 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.



**f. Master and Other Agreements**

The Corporation, Lone Star and Lone Star Jockey Club Development Corp. ("LSJC") entered into an agreement (the "Master Agreement") to design and develop a pari-mutuel horse racetrack (the "Facility"). 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. MEC Lone Star currently holds the license to operate the "Class 1" racetrack.

The City and Texas NextStage, LP ("NextStage") entered into agreements (Development Agreement, Lease Agreements and other ancillary agreements) on January 10, 2001, to design, develop and construct a performance hall (the "Performance Hall"). Construction of the Performance Hall began in July 2000 and was completed in February 2001. Under the agreements, the City purchased the Performance Hall from NextStage for \$15 million with the proceeds from the \$17.9 million TIF tax and tax increment certificate of obligation bond issue in fiscal year 2001. NextStage initially leased the Performance Hall from the City under a 21-year lease. Effective September 18, 2002, Anschutz Texas, L. P. assumed the lease obligations of NextStage and became lessee and operator of the Performance Hall. The lease between the City and Anschutz Texas, L. P. expires January 23, 2023. Monthly lease payments from the lessee of the Performance Hall are used to pay debt service on bonds issued by the City for the purchase of the Performance Hall.

**g. Construction Commitments**

The City has several approved outstanding major capital projects as of September 30, 2004. The City's total committed but unexpended expenditures for such authorized capital projects at year-end approximates \$6,400,000. Funding for these contracts will be received through various capital projects funds and enterprise funds.

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004**5. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains five enterprise funds for water and wastewater, golf, solid waste, airport and storm water utility activities. The enterprise funds received no property tax revenue support during the year ended September 30, 2004. Segment information for the non-major enterprise fund with outstanding revenue-backed certificates of obligation debt is as follows:

	Municipal Airport
<u>Condensed statement of net assets:</u>	
Current assets	\$ 2,361,946
Capital assets	5,137,295
Total assets	<u>7,499,241</u>
Current liabilities	121,784
Long term liabilities	2,505,619
Total liabilities	<u>2,627,403</u>
Net assets invested in capital assets, net of related debt	2,602,295
Net assets restricted for debt service	16,644
Unrestricted net assets	2,252,900
Total net assets	<u>\$ 4,871,839</u>
<u>Condensed statement of revenue, expense and changes in net assets:</u>	
Sales to customers	\$ 754,077
Other revenue	886,908
Total operating revenue	<u>1,640,985</u>
Depreciation	313,609
Other operating expense	1,360,106
Total operating expense	<u>1,673,715</u>
Investment income	6,007
Interest expense	(53,240)
Total nonoperating revenue (expense)	<u>(47,233)</u>
Transfers out	(2,230)
Change in net assets	(82,193)
Net assets at the beginning of the year	4,954,032
Net assets at the end of the year	<u>\$ 4,871,839</u>
<u>Condensed statement of cash flows:</u>	
Net cash provided (used) by:	
Operating activities	\$ 184,225
Noncapital financing activities	(2,230)
Capital and related financing activities	1,481,766
Investing activities	(99,312)
Beginning cash and cash equivalent balances	320,224
Ending cash and cash equivalent balances	<u>\$ 1,884,673</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2004

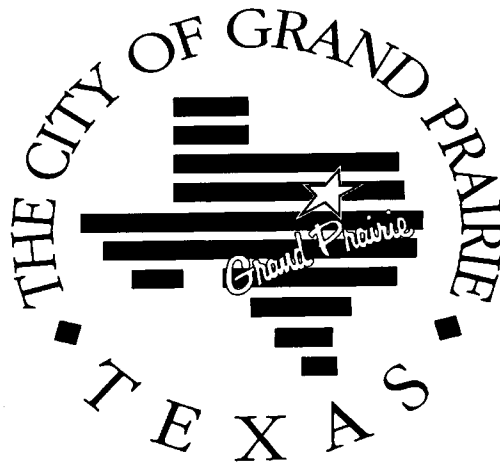
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**6. SUBSEQUENT EVENTS**

On March 15, 2005 the City issued:

- \$14,345,000 General Obligation Refunding and Improvement Bonds Series 2005. \$10,920,000 was used to retire outstanding bonds and the remainder was used for public safety equipment and infrastructure improvements
- \$2,935,000 Certificates of Obligation Series 2005 for equipment and facility and infrastructure improvements
- \$710,000 Certificates of Obligation Series 2005A for infrastructure improvements
- \$5,690,000 Water and Wastewater System Revenue Bonds Series 2005 for water and wastewater system improvements

# REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budget		Actual		Variance with Final Budget- Positive (Negative)	
	Original	Final	GAAP Basis	Adjustments		
<b>REVENUE</b>						
Property tax	\$ 31,490,348	\$31,490,348	\$ 31,790,741	\$ (326,451)	\$ 31,464,290	\$ (26,058)
Sales tax	15,236,317	15,236,317	15,980,008	(111,525)	15,868,483	632,166
Other taxes	228,483	228,483	241,161		241,161	12,678
Franchise fees	9,352,729	9,352,729	10,098,744	(441,765)	9,656,979	304,250
Charges for goods and services	3,700,287	3,700,287	4,411,886		4,411,886	711,599
Licenses and permits	2,016,880	2,016,880	2,165,298		2,165,298	148,418
Fines and forfeits	4,232,839	4,232,839	4,823,234		4,823,234	590,395
Intergovernmental revenue	481,729	481,729	505,093		505,093	23,364
General and administrative costs	2,015,090	2,015,090	2,079,333		2,079,333	64,243
Investment income	272,523	272,523	273,884		273,884	1,361
Other	358,954	358,954	393,215	509,675	902,890	543,936
Total revenue	<u>69,386,179</u>	<u>69,386,179</u>	<u>72,762,597</u>	<u>(370,066)</u>	<u>72,392,531</u>	<u>2,462,416</u>
<b>EXPENDITURES</b>						
Support services	7,019,136	8,124,949	7,872,019	833,086	8,705,105	(580,156)
Public safety services	41,894,993	41,925,817	41,523,522		41,523,522	402,295
Recreation and leisure services	1,695,992	1,695,992	1,681,848		1,681,848	14,144
Development services and other	11,124,075	11,077,475	10,835,274		10,835,274	242,201
Capital Outlay	637,620	755,243	618,062		618,062	137,181
Total Expenditures	<u>62,371,816</u>	<u>63,579,476</u>	<u>62,530,725</u>	<u>833,086</u>	<u>63,363,811</u>	<u>215,665</u>
Excess (deficiency) of revenue over (under) expenditures	<u>7,014,363</u>	<u>5,806,703</u>	<u>10,231,872</u>	<u>(1,203,152)</u>	<u>9,028,720</u>	<u>2,246,751</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,099,410	1,099,410	1,098,118		1,098,118	(1,292)
Transfers out	(8,287,885)	(8,287,885)	(8,219,719)		(8,219,719)	68,166
Total other financing sources (uses)	<u>(7,188,475)</u>	<u>(7,188,475)</u>	<u>(7,121,601)</u>		<u>(7,121,601)</u>	<u>66,874</u>
Net change in fund balance	(174,112)	(1,381,772)	3,110,271		1,907,119	2,313,625
Fund balance at the beginning of the year	16,028,001	16,028,001	16,028,001		16,028,001	
Fund balance at the end of the year	<u>\$ 15,853,889</u>	<u>\$14,646,229</u>	<u>\$ 19,138,272</u>	<u>\$ (1,203,152)</u>	<u>\$ 17,935,120</u>	<u>\$ 2,313,625</u>

Note: Differences between budget-basis actual and GAAP-basis actual are due to accruals, encumbrances which are treated as expenditures in budget basis statements but not in GAAP basis statements, and differences in classification.

**CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
SECTION 8 FUND- BUDGET TO ACTUAL COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budget		Actual			Variance with Final Budget- Positive (Negative)
	Original	Final	GAAP Basis	Adjustments	Budgetary Basis	
<b>REVENUE</b>						
Intergovernmental revenue	\$ 19,410,662	\$ 19,410,662	\$ 19,465,740	\$ (55,078)	\$ 19,410,662	\$ (6,831)
Investment income	10,239	10,239	3,408		3,408	(6,831)
Other	22,556	22,556	22,873		22,874	318
Total revenue	19,443,457	19,443,457	19,492,021	(55,078)	19,436,944	(6,513)
<b>EXPENDITURES</b>						
Current operations:						
Support Services			7,687	(7,687)		
Development services	18,301,005	18,301,005	19,257,126	7,584	19,264,710	(963,705)
Capital Outlay	625,260	625,260	76,047	584,495	660,542	(35,282)
Total expenditures	18,926,265	18,926,265	19,340,860	584,392	19,925,252	(998,987)
Excess (deficiency) of revenues over (under) expenditures	517,192	517,192	151,161	(639,470)	(488,308)	(1,005,500)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	28,171	28,171	28,171		28,171	
Transfers out	(163,520)	(163,520)	(163,520)		(163,520)	
Total other financing sources (uses)	(135,349)	(135,349)	(135,349)		(135,349)	
Net change in fund balance	381,843	381,843	15,812	(639,470)	(623,657)	(1,005,500)
Fund balance at the beginning of the year	757,626	757,626	757,626		757,626	
Fund balance at the end of the year	\$ 1,139,469	\$ 1,139,469	\$ 773,438	\$ (639,470)	\$ 133,969	\$ (1,005,500)

Note: Differences between budget-basis actual and GAAP-basis actual are due to accruals, encumbrances which are treated as expenditures in budget basis statements but not in GAAP basis statements, and differences in classification.

CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
PARK VENUE FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget		Actual			Variance with Final Budget- Positive (Negative)
	Original	Final	GAAP Basis	Adjustments	Budgetary Basis	
<b>REVENUE</b>						
Sales tax	\$ 3,805,666	\$ 3,805,666	\$ 3,995,002	\$ (27,881)	\$ 3,967,121	\$ 161,455
Charges for goods and services	917,367	917,367	1,266,976		1,266,976	349,609
General and administrative revenue	58,517	58,517	58,517		58,517	(0)
Investment Income	207,380	207,380	207,380		207,380	0
Contributions	140,028	140,028	135,028		135,028	(5,000)
Other	164,793	164,793	349,016	(198,311)	150,705	(14,088)
Total revenue	<u>5,293,751</u>	<u>5,293,751</u>	<u>6,011,919</u>	<u>(226,192)</u>	<u>5,785,727</u>	<u>491,976</u>
<b>EXPENDITURES</b>						
Current operations:						
Support services			97,687		97,687	
Recreation and leisure services	8,354,809	8,730,244	8,303,086	(16,798)	8,286,288	443,956
Capital outlay	4,855,124	6,068,197	5,575,812	492,385	6,068,197	
Debt service:						
Principal retirement	720,000	720,000	720,000		720,000	
Interest expense	1,608,438	1,608,438	1,562,359		1,562,359	46,079
Total expenditures	<u>15,538,371</u>	<u>17,126,879</u>	<u>16,258,944</u>	<u>475,587</u>	<u>16,734,531</u>	<u>490,035</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(10,244,620)</u>	<u>(11,833,128)</u>	<u>(10,247,025)</u>	<u>(701,779)</u>	<u>(10,948,804)</u>	<u>982,011</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	6,677,632	6,586,428	6,717,443	(177,076)	6,540,367	131,015
Transfers out	(391,063)	(391,063)	(391,063)		(391,063)	
Proceeds from issuance of debt	2,875,125	5,915,000	5,915,000		5,915,000	
Total other financing sources (uses)	<u>9,161,694</u>	<u>12,110,365</u>	<u>12,241,380</u>	<u>(177,076)</u>	<u>12,064,304</u>	<u>131,015</u>
Net change in fund balance	(1,082,926)	277,237	1,994,355	(878,855)	1,115,500	1,113,026
Fund balance at the beginning of the year	12,940,154	12,940,154	12,940,154		12,940,154	
Fund balance at the end of the year	<u>\$11,857,228</u>	<u>\$13,217,391</u>	<u>\$14,934,509</u>	<u>(\$878,855)</u>	<u>\$14,055,654</u>	<u>\$1,113,026</u>

Note: Differences between budget-basis actual and GAAP-basis actual are due to accruals, encumbrances which are treated as expenditures in budget basis statements but not in GAAP basis statements, and differences in classification.

CITY OF GRAND PRAIRIE, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS MUNICIPAL RETIREMENT SYSTEM  
 SEVEN-YEAR ANALYSIS OF FUNDING PROGRESS (UNAUDITED)

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Accrued Liability (AAL)</u>	<u>(3) Percentage Funded (1)/(2)</u>	<u>(4) Unfunded Actuarial Accrued Liability (AAL) (2) - (1)</u>	<u>(5) Covered Payroll</u>
1998	12/31/1997	\$ 76,094,505	\$ 99,534,960	76.45%	\$ 23,440,455	\$ 30,672,451
1999	12/31/1998	83,900,039	104,391,241	80.37%	20,491,202	32,758,913
2000	12/31/1999	92,721,862	115,171,723	80.51%	22,449,861	35,936,741
2001	12/31/2000	103,018,151	127,180,662	81.00%	24,162,511	40,426,975
2002	12/31/2001	116,891,035	142,819,377	81.85%	25,928,342	45,368,136
2003	12/31/2002	131,709,701	161,002,282	81.81%	29,292,581	48,080,684
2004	12/31/2003	142,198,405	177,576,317	80.08%	35,377,912	49,764,580

Seven year historical trend information designed to provide information about the fund's progress made in accumulating sufficient assets to pay benefits when due is available for plan years 1998 through 2004/ This information can be referred to in separately issued financial reports of the pension fund.



(6) Unfunded Actuarial Accrued Liability (AAL) as a Percentage of Covered Payroll <u>(4)/(5)</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>
76.42%	\$ 4,496,823	\$ 4,496,823
62.55%	5,125,487	5,125,487
62.47%	5,619,748	5,619,748
59.77%	6,513,806	6,513,806
57.15%	5,930,448	5,930,448
60.92%	6,542,656	6,542,656
71.09%	6,590,869	6,590,869



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# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



# COMBINING FINANCIAL STATEMENTS

## NON-MAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

Special Revenue Funds are used by the city to account for revenues derived from specific taxes, fees, donations, and grants which are designated to finance particular functions or activities of the city. The city has seventeen non-major special revenue funds which include:

- ◆ Grants Fund – accounts for various miscellaneous grants from the federal, state, or local governments. All grants included in this fund are for specific projects with limited duration.
- ◆ Community Development Block Grant (CDBG) – accounts for monies allocated from the federal government for the rehabilitation and improvement of low-to-moderate-income neighborhoods within the city.
- ◆ Home Match Cash Fund – accounts for money as match to grants for rehabilitation of low-to-moderate-income neighborhoods within the city.
- ◆ Hotel/Motel Tax Fund – accounts for the receipts and allocation of the city's 7% hotel-motel tax revenue in accordance with the requirements of state law.
- ◆ Cemetery Fund – created in fiscal 2004, accounts for the activities of the municipal cemetery.
- ◆ Police Seizure Fund – accounts for police seizure assets for pending court cases and for money awarded to the city by county courts from assets seized by the Grand Prairie Police Department.
- ◆ Cable Operations Fund – accounts for the revenue collected through the cable company for government access programming. Expenditures in this special revenue fund are designated for the operations and improvements to the city's cable channel.
- ◆ Municipal Court Fund – accounts for fees collected to maintain security for municipal court buildings, judicial efficiency, and municipal court technology.
- ◆ Street Maintenance Fund – accounts for the quarter cent sales tax to maintain existing streets and alleys that was effective April 1, 2002.
- ◆ Employee Welfare Fund – accounts for employee contributions to charitable institutions and to participating employees in need of assistance.
- ◆ Expendable Fund – accounts for the receipt and expenditure of small donations received for various purposes.
- ◆ Tax Increment Financing Districts (TIF) Fund – accounts for the activity of the City's three TIFs. Revenues collected are primarily inter-local property tax increment funding.
- ◆ Lake Parks – accounts for the activity of the 4 major parks surrounding Lake Joe Pool that were received from Trinity River Authority.
- ◆ Library Memorials Fund – accounts for donations for library materials.
- ◆ Theater Fund – accounts for the city's live performance hall and ongoing rental income and debt service. Formerly called the NextStage Fund.
- ◆ Pooled Investment Fund – to provide an "in-house mutual fund" so that the investment of the resources of the other city funds may be centrally administered. Revenues are allocated to the earning funds based upon the city's budget.
- ◆ Public Improvement Districts Fund – accounts for the receipt and expenditure of special assessments on the city's 11 PIDs. The PIDs maintain landscaping and fencing in public area with the districts.

(continued)

### Capital Projects Funds

The nine Capital Projects Funds are used to account for all major capital improvements which are financed by the city's general obligation bond issues and other designated resources:

- ◆ Fire Station Fund – accounts for capital projects for fire stations and heavy equipment.
- ◆ Police Station Fund – accounts for capital projects for police facilities and technology.
- ◆ Storm Drainage Fund – accounts for capital projects for storm drainage facilities.
- ◆ Library Improvements Fund – accounts for library capital improvements.
- ◆ Capital Reserve Fund – accounts for reserve monies accumulated for future non-recurring, unforeseen major capital expenditures.
- ◆ Street Projects Fund – accounts for special assessments and private sector contributions used to pay for street and transportation capital projects.
- ◆ Equipment Acquisition Fund – accounts for equipment acquisitions costing more than \$25,000 financed with debt or operating surplus.
- ◆ Certificates of Obligation Fund – accounts for miscellaneous capital projects financed with certificates of obligation.
- ◆ Municipal Facilities Fund – accounts for improvements to municipal facilities.

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CITY OF GRAND PRAIRIE, TEXAS  
BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Special Revenue Funds							
	Grants	Community Development Block Grants	Home Match Cash Fund	Hotel/Motel Tax Fund	Cemetery	Police Seizure	Cable Operations	Municipal Court
<b>ASSETS</b>								
Cash and cash equivalents	\$1,551,177	\$ (194,561)	\$ 69,196	\$ 150,582	\$366,079	\$ 13,413	\$ (6,259)	\$116,820
Investments	1,225,107		318,472	311,360		110,134	27,041	251,176
Sales tax receivable				187,295			6,795	
Other receivables	34	28,672						
Due from other governments	649,726	241,007						
<b>Total assets</b>	<u>3,426,044</u>	<u>75,118</u>	<u>387,668</u>	<u>649,237</u>	<u>366,079</u>	<u>123,547</u>	<u>27,577</u>	<u>367,996</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities :								
Accounts payable	284,457	41,016	37,616	24,838	27,170		7,441	1,298
Accrued liabilities	(4,817)	(8,460)	198,933	(226)	(307)			
Deferred revenue	92,556	1,070		0				
<b>Total liabilities</b>	<u>372,196</u>	<u>33,626</u>	<u>236,549</u>	<u>24,612</u>	<u>26,863</u>	<u>0</u>	<u>7,441</u>	<u>1,298</u>
Fund Balance:								
Reserved for:								
Encumbrances	161,732	21,450						175,105
Unreserved, designated for:								
Capital Projects								
Unreserved, undesignated in:								
Special Revenue Funds	2,892,116	20,042	151,119	624,625	339,216	123,547	20,136	191,593
<b>Total fund balance</b>	<u>3,053,848</u>	<u>41,492</u>	<u>151,119</u>	<u>624,625</u>	<u>339,216</u>	<u>123,547</u>	<u>20,136</u>	<u>366,698</u>
<b>Total liabilities and fund balance</b>	<u>\$3,426,044</u>	<u>\$ 75,118</u>	<u>\$387,668</u>	<u>\$ 649,237</u>	<u>\$366,079</u>	<u>\$ 123,547</u>	<u>\$ 27,577</u>	<u>\$367,996</u>

(Continued)

**Special Revenue Funds**

<b>Street Maintenance</b>	<b>Employee Welfare</b>	<b>Expendable Fund</b>	<b>Tax Increment Financing Districts</b>	<b>Lake Parks</b>	<b>Library Memorials</b>	<b>Theater</b>	<b>Pooled Investments</b>	<b>Public Improvement Districts</b>	<b>Total Special Revenue Funds</b>
\$1,559,472	\$ 102	\$ 414,976	\$1,187,668	\$ 386,632	\$60,062	\$ 88,927	\$ 141,168	\$ 125,696	\$ 6,031,150
1,981,719	24,387	339,440	1,360,413	3,560,903	489	1,958,678	16,062	165,261	11,650,642
720,763		1,135		310,000			455,233	1,069	720,763
<u>4,261,954</u>	<u>24,489</u>	<u>755,551</u>	<u>2,548,081</u>	<u>4,257,535</u>	<u>60,551</u>	<u>2,047,605</u>	<u>612,463</u>	<u>292,026</u>	<u>20,283,521</u>
348,353		10,351		35,243	63		34,369	2,967	855,182
		261,321	137,961	(3,086)		3,715	18,738	5,035	608,807
<u>348,353</u>		<u>271,672</u>	<u>137,961</u>	<u>32,157</u>	<u>63</u>	<u>3,715</u>	<u>53,107</u>	<u>8,002</u>	<u>93,626</u>
52,793		15,207		42,644					1,557,615
									468,931
									0
									0
									0
<u>3,860,808</u>	<u>24,489</u>	<u>468,672</u>	<u>2,410,120</u>	<u>4,182,734</u>	<u>60,488</u>	<u>2,043,890</u>	<u>559,356</u>	<u>284,024</u>	<u>18,256,975</u>
<u>3,913,601</u>	<u>24,489</u>	<u>483,879</u>	<u>2,410,120</u>	<u>4,225,378</u>	<u>60,488</u>	<u>2,043,890</u>	<u>559,356</u>	<u>284,024</u>	<u>18,725,906</u>
<u>\$4,261,954</u>	<u>\$ 24,489</u>	<u>\$ 755,551</u>	<u>\$2,548,081</u>	<u>\$ 4,257,535</u>	<u>\$60,551</u>	<u>\$ 2,047,605</u>	<u>\$ 612,463</u>	<u>\$ 292,026</u>	<u>\$20,283,521</u>

(Continued)



CITY OF GRAND PRAIRIE, TEXAS  
 BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

Capital Projects Funds

	<u>Fire Station</u>	<u>Police Station</u>	<u>Storm Drainage</u>	<u>Library Improvements</u>	<u>Capital Reserve</u>	<u>Street Projects</u>	<u>Equipment Acquisition</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 346,842	\$280,138	\$ 346,520	\$ 32,046	\$ 286,092	\$ 60,953	\$ 29,277
Investments	368,522	627,576	5,217,516	111,017	356,978	1,534,171	603,015
Sales tax receivable							
Other receivables							
Due from other governments							
<b>Total assets</b>	<u>715,364</u>	<u>907,714</u>	<u>5,564,036</u>	<u>143,063</u>	<u>643,070</u>	<u>1,595,124</u>	<u>632,292</u>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	5,006	47,259	98,526		75,600	8,663	25,117
Accrued liabilities						175,104	
Deferred revenue							
<b>Total liabilities</b>	<u>5,006</u>	<u>47,259</u>	<u>98,526</u>		<u>75,600</u>	<u>183,767</u>	<u>25,117</u>
Fund Balance:							
Reserved for:							
Encumbrances	851	721,679	373,896	19,500		2,500	180,378
Unreserved, designated for:							
Capital Projects	709,507	138,776	5,091,614	123,563	567,470	1,408,857	426,797
Unreserved, undesignated in:							
Special Revenue Funds							
<b>Total fund balance</b>	<u>710,358</u>	<u>860,455</u>	<u>5,465,510</u>	<u>143,063</u>	<u>567,470</u>	<u>1,411,357</u>	<u>607,175</u>
<b>Total liabilities and fund balance</b>	<u>\$ 715,364</u>	<u>\$907,714</u>	<u>\$5,564,036</u>	<u>\$ 143,063</u>	<u>\$ 643,070</u>	<u>\$1,595,124</u>	<u>\$ 632,292</u>

(Continued)

<b>Capital Projects Funds</b>			
<b>Certificates of Obligation</b>	<b>Municipal Facilities</b>	<b>Total Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 246,811	\$ 170,671	\$ 1,799,350	\$ 7,830,500
1,235,570	3,280,652	13,335,017	24,985,659
		0	720,763
		0	990,233
		0	890,733
<u>1,482,381</u>	<u>3,451,323</u>	<u>15,134,367</u>	<u>35,417,888</u>
	190,018	450,189	1,305,371
		175,104	783,911
		0	93,626
	<u>190,018</u>	<u>625,293</u>	<u>2,182,908</u>
		0	0
		0	0
		0	0
1,394,802	471,643	3,165,249	3,634,180
		0	0
87,579	2,789,662	11,343,825	11,343,825
		0	0
		0	18,256,975
<u>1,482,381</u>	<u>3,261,305</u>	<u>14,509,074</u>	<u>33,234,980</u>
<u>\$ 1,482,381</u>	<u>\$ 3,451,323</u>	<u>\$ 15,134,367</u>	<u>\$ 35,417,888</u>

(Concluded)

CITY OF GRAND PRAIRIE, TEXAS  
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

Special Revenue Funds								
	Grants	Community Development Block Grants	Home Match Cash Fund	Hotel/Motel Tax Fund	Cemetery	Police Seizure	Cable Operations	Municipal Court
<b>REVENUE</b>								
Property tax	\$	\$	\$	\$	\$	\$	\$	\$
Sales tax								
Other taxes				813,248				
Charges for goods and service	2,165			10,567	250,526			
Licenses and permits								235,779
Fines and forfeits								
Special assessments						97,986		
Intergovernmental revenue	4,515,418	2,319,776				1,623	1,423	2,911
Investment income	209			8,429		6,750		
Contributions				1,325				
Other	713				41		80,172	
Total revenue	<u>4,518,506</u>	<u>2,319,776</u>	<u>0</u>	<u>833,569</u>	<u>250,567</u>	<u>106,359</u>	<u>81,595</u>	<u>238,690</u>
<b>EXPENDITURES</b>								
Current operations:								
Support services	67,708	49,941	2,179	598,346		670	72,721	1,587
Public safety services	1,769,821					91,516		103,010
Recreation and leisure services	65,017			34,647	55,009			
Development services and other	528,978	1,703,126	221,860					
Capital outlay	3,459,225	298,193			80,407		52,664	40,456
Debt service:								
Principal retirement					95,000			
Interest expense					172,135			
Total expenditures	<u>5,890,749</u>	<u>2,051,260</u>	<u>224,039</u>	<u>632,993</u>	<u>402,551</u>	<u>92,186</u>	<u>125,385</u>	<u>145,053</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,372,243)</u>	<u>268,516</u>	<u>(224,039)</u>	<u>200,576</u>	<u>(151,984)</u>	<u>14,173</u>	<u>(43,790)</u>	<u>93,637</u>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers in	1,132,349	4,000			491,200		25,000	
Transfers out		(237,958)		(273,406)			(446)	(45,908)
Sales of capital assets								
Proceeds from issuance of debt								
Total other financing sources (uses)	<u>1,132,349</u>	<u>(233,958)</u>	<u>0</u>	<u>(273,406)</u>	<u>491,200</u>	<u>0</u>	<u>24,554</u>	<u>(45,908)</u>
Net change in fund balance	<u>(239,894)</u>	<u>34,558</u>	<u>(224,039)</u>	<u>(72,830)</u>	<u>339,216</u>	<u>14,173</u>	<u>(19,236)</u>	<u>47,729</u>
Fund balance - beginning of year	<u>3,293,742</u>	<u>6,934</u>	<u>375,158</u>	<u>697,455</u>	<u>0</u>	<u>109,374</u>	<u>39,372</u>	<u>318,969</u>
Fund balance - end of year	<u>\$ 3,053,848</u>	<u>\$ 41,492</u>	<u>\$ 151,119</u>	<u>\$ 624,625</u>	<u>\$ 339,216</u>	<u>\$ 123,547</u>	<u>\$ 20,136</u>	<u>\$ 366,698</u>

(Continued)

**Special Revenue Funds**

<b>Street Maintenance</b>	<b>Employee Welfare</b>	<b>Expendable Fund</b>	<b>Tax Increment Financing Districts</b>	<b>Lake Parks</b>	<b>Library Memorial</b>	<b>Theater</b>	<b>Pooled Investments</b>	<b>Public Improvement Districts</b>	<b>Total Special Revenue Funds</b>
\$ 3,995,002	\$	\$	\$ 2,861,585	\$	\$	\$	\$	\$	\$ 2,861,585
									3,995,002
									813,248
		4,590	1,500	790,289	944				1,060,581
				132,788					132,788
									235,779
								590,776	590,776
		14,274	383,897						7,331,351
8,585	745	17,699	65,068	49,179	2,383	33,609	821,067	11,170	1,024,099
	13,997	133,198			33,665			4,883	193,817
		341,376		1,087,131		768,960		39,596	2,317,989
<u>4,003,587</u>	<u>14,742</u>	<u>511,137</u>	<u>3,312,050</u>	<u>2,059,386</u>	<u>36,991</u>	<u>802,569</u>	<u>821,067</u>	<u>646,425</u>	<u>20,557,016</u>
12,047	18,311	559,675		20,701	94	11,968	497,377	467,463	2,380,788
		100,748							2,065,095
		48,747		1,406,467	16,600			6,553	1,633,040
		3,168	642,134						3,099,266
3,070,826		4,250		544,311	17,070			293,513	7,860,915
									910,000
			340,000			475,000			901,339
			346,148			304,516	78,540		18,850,443
<u>3,082,873</u>	<u>18,311</u>	<u>716,588</u>	<u>1,328,282</u>	<u>1,971,479</u>	<u>33,764</u>	<u>791,484</u>	<u>575,917</u>	<u>767,529</u>	<u>18,850,443</u>
920,714	(3,569)	(205,451)	1,983,768	87,907	3,227	11,085	245,150	(121,104)	1,706,573
778,680		100,000					48,253	55,081	2,634,563
		(32,891)	(2,437,400)	(65,574)	(20,739)		(291,872)		(3,406,194)
			1,170,000						1,170,000
<u>778,680</u>	<u>0</u>	<u>67,109</u>	<u>(1,267,400)</u>	<u>(65,574)</u>	<u>(20,739)</u>	<u>0</u>	<u>(243,619)</u>	<u>55,081</u>	<u>398,369</u>
1,699,394	(3,569)	(138,342)	716,368	22,333	(17,512)	11,085	1,531	(66,023)	2,104,942
2,214,207	28,058	622,221	1,693,752	4,203,045	78,000	2,032,805	557,825	350,047	16,620,964
<u>\$ 3,913,601</u>	<u>\$ 24,489</u>	<u>\$ 483,879</u>	<u>\$ 2,410,120</u>	<u>\$ 4,225,378</u>	<u>\$ 60,488</u>	<u>\$ 2,043,890</u>	<u>\$ 559,356</u>	<u>\$ 284,024</u>	<u>\$ 18,725,906</u>

(Continued)

CITY OF GRAND PRAIRIE, TEXAS  
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Capital Projects Funds						
	Fire Station	Police Station	Storm Drainage	Library Improvements	Capital Reserve	Street Projects	Equipment Acquisition
<b>REVENUE</b>							
Property tax	\$	\$	\$	\$	\$	\$	\$
Sales tax							
Other taxes							
Charges for goods and service							
Licenses and permits							
Fines and forfeits						51,958	
Special assessments							
Intergovernmental revenues							
Investment income			42,505	2,444	57,916	35,070	11,779
Contributions						930,924	
Other	350				353,316	37,148	
Total revenue	<u>350</u>		<u>42,505</u>	<u>2,444</u>	<u>411,232</u>	<u>1,055,100</u>	<u>11,779</u>
<b>EXPENDITURES</b>							
Current operations:							
Support services	2,241	8,687	31,718	674	32,866	17,224	188,417
Public safety services					33,207		
Recreation and leisure services							
Development services and other					233,046	199,558	
Capital outlay	307,335	3,097,238	1,874,505	10,608	300,028	876,467	777,047
Debt service:							
Principal retirement							20,000
Interest expense							
Total expenditures	<u>309,576</u>	<u>3,105,925</u>	<u>1,906,223</u>	<u>11,282</u>	<u>599,147</u>	<u>1,093,249</u>	<u>985,464</u>
	<u>(309,224)</u>	<u>(3,105,925)</u>	<u>(1,863,718)</u>	<u>(8,838)</u>	<u>(187,915)</u>	<u>(38,149)</u>	<u>(973,685)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	115,000		2,387,780	40,879	748,969		319,710
Transfers out		(115,000)	(3,870,795)		(702,010)	(1,217,248)	(265,150)
Sales of capital assets					361,067		
Proceeds from issuance of debt	531,752		3,973,272				500,000
Total other financing sources (uses)	<u>646,752</u>	<u>(115,000)</u>	<u>2,490,257</u>	<u>40,879</u>	<u>408,026</u>	<u>(1,217,248)</u>	<u>554,560</u>
Net change in fund balance	<u>337,526</u>	<u>(3,220,925)</u>	<u>626,539</u>	<u>32,041</u>	<u>220,111</u>	<u>(1,255,397)</u>	<u>(419,125)</u>
Fund balance - beginning of year	<u>372,832</u>	<u>4,081,380</u>	<u>4,838,971</u>	<u>111,022</u>	<u>347,359</u>	<u>2,666,754</u>	<u>1,026,300</u>
Fund balance - end of year	<u>\$ 710,358</u>	<u>\$ 860,455</u>	<u>\$ 5,465,510</u>	<u>\$ 143,063</u>	<u>\$ 567,470</u>	<u>\$ 1,411,357</u>	<u>\$ 607,175</u>

(Continued)

<b>Capital Projects Funds</b>			
<b>Certificates of Obligation</b>	<b>Municipal Facility</b>	<b>Total Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
\$	\$		\$ 2,861,585
			3,995,002
			813,248
			1,060,581
			132,788
			235,779
		51,958	642,734
			7,331,351
35,814		185,528	1,209,627
		930,924	1,124,741
		390,814	2,708,803
<u>35,814</u>		<u>1,559,224</u>	<u>22,116,240</u>
9,034	21,807	312,668	2,693,456
		33,207	2,098,302
		432,604	1,633,040
1,010,280	4,326,266	12,579,774	3,531,870
			20,440,689
			910,000
		20,000	921,339
<u>1,019,314</u>	<u>4,348,073</u>	<u>13,378,253</u>	<u>32,228,696</u>
<u>(983,500)</u>	<u>(4,348,073)</u>	<u>(11,819,029)</u>	<u>(10,112,456)</u>
(35,814)	442,523	4,054,861	6,689,424
	(250,500)	(6,456,517)	(9,862,711)
		361,067	361,067
	2,559,250	7,564,274	8,734,274
<u>(35,814)</u>	<u>2,751,273</u>	<u>5,523,685</u>	<u>5,922,054</u>
<u>(1,019,314)</u>	<u>(1,596,800)</u>	<u>(6,295,344)</u>	<u>(4,190,402)</u>
<u>2,501,695</u>	<u>4,858,105</u>	<u>20,804,418</u>	<u>37,425,382</u>
<u>\$ 1,482,381</u>	<u>\$ 3,261,305</u>	<u>\$ 14,509,074</u>	<u>\$ 33,234,980</u>

(Concluded)



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## INDIVIDUAL FUND SCHEDULES

### BUDGET TO ACTUAL SCHEDULES

Appropriations are approved by the City Council by fund for all budgeted funds. During the fiscal year it was necessary to amend the original budget by City Council action. The original budget and amended budget are presented for the following funds:

- ◆ Debt Service Fund - accounts for the payment of principal and interest on the city's property tax supported debt.
- ◆ Hotel/Motel Tax Fund – accounts for the receipts and allocation of the city's 7% hotel-motel tax revenue in accordance with the requirements of state law.
- ◆ Police Seizure Fund – accounts for police seizure assets for pending court cases and for money awarded to the city by county courts from assets seized by the Grand Prairie Police Department.
- ◆ Municipal Court Fund – accounts for fees collected to maintain security for municipal court buildings, judicial efficiency, and municipal court technology.
- ◆ Cable Operations Fund – accounts for the revenue collected through the cable company for government access programming. Expenditures in this special revenue fund are designated for the operations and improvements to the city's cable channel.



**CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
DEBT SERVICE FUND- BUDGET TO ACTUAL COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	Budget		Actual		Variance with Final Budget- Positive (Negative)	
	Original	Final	GAAP Basis	Budgetary Basis		
<b>REVENUE</b>						
Property tax	\$ 12,876,228	\$ 12,876,228	\$ 12,912,072	\$	\$ 12,912,072	\$ 35,844
Investment income	72,226	72,226	72,226		72,226	
Total revenue	<u>12,948,454</u>	<u>12,948,454</u>	<u>12,984,298</u>		<u>12,984,298</u>	<u>35,844</u>
<b>EXPENDITURES</b>						
Current operations:						
Support services			18,599		18,599	18,599
Debt service:						
Principal retirement	8,655,748	8,655,748	8,773,516		8,773,516	117,768
Interest	5,626,081	5,626,081	3,731,923		3,731,923	(1,894,158)
Total expenditures	<u>14,281,829</u>	<u>14,281,829</u>	<u>12,524,038</u>		<u>12,524,038</u>	<u>(1,757,791)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,333,375)</u>	<u>(1,333,375)</u>	<u>460,260</u>		<u>460,260</u>	<u>1,793,635</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	315,150	315,150	315,150		315,150	
Transfers out	(285,000)	(285,000)	(293,315)		(293,315)	(8,315)
Proceeds from refunding bond issue			1,955,000		1,955,000	1,955,000
Payments to refunding escrow agent			(1,952,232)		(1,952,232)	(1,952,232)
Total other financing sources (uses)	<u>30,150</u>	<u>30,150</u>	<u>24,603</u>		<u>24,603</u>	<u>(5,547)</u>
Net change in fund balance	(1,303,225)	(1,303,225)	484,863		484,863	1,788,088
Fund balance at the beginning of the year	2,672,201	2,672,201	2,672,201		2,672,201	
Fund balance at the end of the year	<u>\$ 1,368,976</u>	<u>\$ 1,368,976</u>	<u>\$ 3,157,064</u>	<u>\$</u>	<u>\$ 3,157,064</u>	<u>\$ 1,788,088</u>

CITY OF GRAND PRAIRIE, TEXAS  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 HOTEL/MOTEL TAX FUND- BUDGET TO ACTUAL COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget		Actual		Variance with Final Budget- Positive (Negative)
	Original	Final	GAAP Basis	Budgetary Basis	
<b>REVENUE</b>					
Other taxes	\$ 861,000	\$ 861,000	\$ 813,248	\$ 813,248	\$ (47,752)
Charges for goods and services	2,500	2,500	10,567	10,567	8,067
Investment income	8,429	8,429	8,429	8,429	
Contributions		-	1,325	1,325	1,325
Total revenues	<u>871,929</u>	<u>871,929</u>	<u>833,569</u>	<u>833,569</u>	<u>(38,360)</u>
<b>EXPENDITURES</b>					
Current operations:					
Support services	684,768	645,975	598,346	598,346	(47,629)
Recreation and leisure services		45,760	34,647	34,647	(11,113)
Total expenditures	<u>684,768</u>	<u>691,735</u>	<u>632,993</u>	<u>632,993</u>	<u>(58,742)</u>
Excess (deficiency) of revenues over (under) expenditures	187,161	180,194	200,576	200,576	20,382
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(273,406)	(273,406)	(273,406)	(273,406)	
Total other financing sources (uses)	<u>(273,406)</u>	<u>(273,406)</u>	<u>(273,406)</u>	<u>(273,406)</u>	
Net changes in fund balance	(86,245)	(93,212)	(72,830)	(72,830)	20,382
Fund balance at the beginning of the year	697,455	697,455	697,455	697,455	
Fund balance at the end of the year	<u>\$ 611,210</u>	<u>\$ 604,243</u>	<u>\$ 624,625</u>	<u>\$ 624,625</u>	<u>\$ 20,382</u>

CITY OF GRAND PRAIRIE, TEXAS  
 SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 POLICE SEIZURE FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget		Actual		Variance with Final Budget- Positive (Negative)	
	Original	Final	GAAP Basis	Adjustments		Budgetary Basis
<b>REVENUE</b>						
Intergovernmental revenue	\$ 1,210	\$ 15,850	\$ 97,986	\$	\$ 97,986	\$ 82,136
Investment income	15,850	1,210	1,623		1,623	413
Contributions	250	250	6,750		6,750	6,500
Total revenue	<u>17,310</u>	<u>17,310</u>	<u>106,359</u>		<u>106,359</u>	<u>89,049</u>
<b>EXPENDITURES</b>						
Current operations:						
Support Services			670		670	670
Public safety services	56,700	69,969	91,516		91,516	21,547
Total expenditures	<u>56,700</u>	<u>69,969</u>	<u>92,186</u>		<u>92,186</u>	<u>22,217</u>
Net change in fund balance	(39,390)	(52,659)	14,173		14,173	66,832
Fund balance at the beginning of the year	109,374	109,374	109,374		109,374	
Fund balance at the end of the year	<u>\$ 69,984</u>	<u>\$ 56,715</u>	<u>\$ 123,547</u>	<u>\$</u>	<u>\$ 123,547</u>	<u>\$ 66,832</u>

CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
MUNICIPAL COURT FUND- BUDGET TO ACTUAL COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget		Actual		Variance with Final Budget- Positive (Negative)	
	Original	Final	GAAP Basis	Budgetary Basis Adjustments		
<b>REVENUE</b>						
Charge for services						
Fines and forfeits	\$ 251,198	\$ 251,198	\$ 235,779	\$	\$ 235,779	\$ (15,419)
Investment income	2,911	2,911	2,911		2,911	
Total revenues	254,109	254,109	238,690		238,690	(15,419)
<b>EXPENDITURES</b>						
Current operations:						
Support services			1,587		1,587	(1,587)
Public Safety	164,853	243,960	103,010	175,105	278,115	34,155
Capital Outlay	90,456	90,456	40,456		40,456	(50,000)
Total expenditures	255,309	334,416	145,053		320,158	(14,258)
Excess (deficiency) of revenues over (under) expenditures	(1,200)	(80,307)	93,637		(81,468)	(1,161)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers out	(45,908)	(45,908)	(45,908)		(45,908)	
Total other financing sources (uses)	(45,908)	(45,908)	(45,908)		(45,908)	
Net change in fund balance	(47,108)	(126,215)	47,729		(127,376)	(1,161)
Fund balance at the beginning of the year	318,969	318,969	318,969		318,969	
Fund balance at the end of the year	\$ 271,861	\$ 192,754	\$ 366,698	\$	\$ 191,593	\$ (1,161)

CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
CABLE OPERATIONS FUND- BUDGET TO ACTUAL COMPARISON SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Budget		Actual		Variance with Final Budget- Positive (Negative)
	Original	Final	GAAP Basis	Budgetary Basis Adjustments	
<b>REVENUE</b>					
Investment income	\$ 1,423	\$ 1,423	\$ 1,423	\$	\$ 1,423
Other	78,000	78,000	180,172		180,172
Total revenue	79,423	79,423	181,595		181,595
					102,172
<b>EXPENDITURES</b>					
Current operations:					
Support services	77,472	79,424	72,721		72,721
Capital Outlay	50,000	50,000	52,664		52,664
Total expenditures	127,472	129,424	125,385		125,385
Excess (deficiency) of revenue over (under) expenditures	(48,049)	(50,001)	56,210		56,210
					(106,211)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	50,000	50,000	25,000		25,000
Transfers out	(446)	(446)	(446)		(446)
Total other financing sources (uses)	49,554	49,554	24,554		24,554
Net change in fund balance	(48,049)	(50,001)	80,764		80,764
Fund balance at the beginning of the year	39,372	39,372	39,372		39,372
Fund balance at the end of the year	\$ (8,677)	\$ (10,629)	\$ 120,136	\$	\$ 120,136
					(130,765)

## COMBINING FINANCIAL STATEMENTS

### NON-MAJOR 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 of the City Council is 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 where the City Council has decided that periodic determination of revenues earned, expenses incurred, and/or net income (loss), is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The reporting entity has two non-major enterprise funds which include:

- ◆ Municipal Airport Fund – The Grand Prairie Municipal Airport is a general aviation airport which has revenues from fixed-base operators' leases, city-owned hangar leases, and fuel sales. City employees operate and maintain airport facilities.
- ◆ Storm Water Utility Fund – accounts for the receipt of storm water utility fees for construction, operations, and maintenance of the city's storm water drainage system.

CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Municipal Airport</u>	<u>Storm Water Utility</u>	<u>Total Nonmajor Enterprise Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,785,299	\$ 323,367	\$ 2,108,666
Investments	356,756	300,706	657,462
Accounts receivables	53,398	131,110	184,508
Inventories and supplies	39,956		39,956
Due from other governments	27,163		27,163
Current restricted assets:			
Cash and cash equivalents	<u>99,374</u>		<u>99,374</u>
Total current assets	<u>2,361,946</u>	<u>755,183</u>	<u>3,117,129</u>
Capital assets:			
Land	183,923		183,923
Buildings	2,359,228		2,359,228
Equipment	512,425		512,425
Infrastructure	4,768,084	4,376,349	9,144,433
Construction in progress	570,071		570,071
Less accumulated depreciation	<u>(3,256,436)</u>	<u>(1,103,909)</u>	<u>(4,360,345)</u>
Total capital assets	<u>5,137,295</u>	<u>3,272,440</u>	<u>8,409,735</u>
Total assets	<u>7,499,241</u>	<u>4,027,623</u>	<u>11,526,864</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	16,185	38,107	54,292
Accrued liabilities	(1,581)	(30)	(1,611)
Accrued compensated absences	7,806	435	8,241
Current liabilities payable from restricted assets:			
Customer deposits	37,730		37,730
Accrued liabilities	16,644		16,644
Current portion of long term debt	<u>45,000</u>		<u>45,000</u>
Total current liabilities	<u>121,784</u>	<u>38,512</u>	<u>160,296</u>
Noncurrent liabilities:			
Accrued compensated absences	15,619	22	15,641
Long term debt	<u>2,490,000</u>		<u>2,490,000</u>
Total noncurrent liabilities	<u>2,505,619</u>	<u>22</u>	<u>2,505,641</u>
Total liabilities	<u>2,627,403</u>	<u>38,534</u>	<u>2,665,937</u>
<b>NET ASSETS</b>			
Invested in capital assets (net of related debt)	2,602,295	3,272,440	5,874,735
Restricted for debt service	61,644		61,644
Unrestricted	<u>2,207,900</u>	<u>716,648</u>	<u>2,924,548</u>
Total net assets	<u>\$ 4,871,839</u>	<u>\$ 3,989,088</u>	<u>\$ 8,860,927</u>

CITY OF GRAND PRAIRIE, TEXAS  
 STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSET  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Municipal Airport	Storm Water Utility	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUE</b>			
Sales to customers	\$ 754,077	1,847,209	\$ 2,601,286
Intergovernmental revenue	339,087		339,087
Miscellaneous	547,821	5,333	553,154
Total operating revenue	<u>1,640,985</u>	<u>1,852,542</u>	<u>3,493,527</u>
<b>OPERATING EXPENSE</b>			
Salaries and personal benefits	304,976	26,486	331,462
Supplies and miscellaneous purchases	633,153	5,103	638,256
Purchased services	419,808	295,697	715,505
Miscellaneous	2,169	8,783	10,952
Depreciation	313,609	219,519	533,128
Franchise Fee		73,434	73,434
General and administrative costs		26,845	26,845
Total operating expense	<u>1,673,715</u>	<u>655,867</u>	<u>2,329,582</u>
Operating income (loss)	<u>(32,730)</u>	<u>1,196,675</u>	<u>1,163,945</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Investment income	6,007	1,717	7,724
Interest expense	(53,240)		(53,240)
Total nonoperating revenue (expense)	<u>(47,233)</u>	<u>1,717</u>	<u>(45,516)</u>
Income (loss) before transfers	<u>(79,963)</u>	<u>1,198,392</u>	<u>1,118,429</u>
Transfers out	<u>(2,230)</u>	<u>(1,121,627)</u>	<u>(1,123,857)</u>
Change in net assets	<u>(82,193)</u>	<u>76,765</u>	<u>(5,428)</u>
Net assets - beginning of year	<u>4,954,032</u>	<u>3,912,323</u>	<u>8,866,355</u>
Net assets - end of year	<u>\$ 4,871,839</u>	<u>\$ 3,989,088</u>	<u>\$ 8,860,927</u>



**CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Municipal Airport</u>	<u>Storm Water Utility</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,583,067	\$ 1,844,406	\$ 3,427,474
Cash payments to suppliers for goods and services	(1,069,477)	(307,731)	(1,377,207)
Cash payments to employees for services	(299,324)	(27,020)	(326,343)
Cash payments to other funds for services	0	(73,434)	(73,434)
Other operating cash receipts (payments)	(30,041)	(3,510)	(33,551)
Net cash provided (used) by operating activities	<u>184,225</u>	<u>1,432,712</u>	<u>1,616,938</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	(2,230)	(1,121,627)	(1,123,857)
Net cash provided (used) by noncapital financing activities	<u>(2,230)</u>	<u>(1,121,627)</u>	<u>(1,123,857)</u>
Cash flows from capital and related financing activities:			
Capital outlays	(559,060)		(559,060)
Proceeds from sale of capital assets	(53,240)		(53,240)
Interest paid on bonds and line of credit	(25,934)		(25,934)
Repayment of principal on bonds	2,120,000		2,120,000
Proceeds from issuance of refunding bonds			
Payment to refunding bond escrow agent			
Net cash used by capital and related financing activities	<u>1,481,766</u>		<u>1,481,766</u>
Cash flows from investing activities:			
Investment earnings received on cash and investments	6,007	1,717	7,724
Purchase of investments	(223,201)	(188,134)	(411,335)
Sale of investments	117,882	99,362	217,244
Net cash provided (used) by investing activities	<u>(99,312)</u>	<u>(87,055)</u>	<u>(186,367)</u>
Net increase (decrease) in cash and cash equivalents	1,564,449	224,030	1,788,479
Cash and cash equivalents at beginning of year	<u>320,224</u>	<u>99,337</u>	<u>419,561</u>
Cash and cash equivalents at end of year	<u>\$ 1,884,673</u>	<u>\$ 323,367</u>	<u>\$ 2,208,040</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Net operating income (loss)	\$ (32,732)	\$ 1,196,677	\$ 1,163,945
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	313,609	219,519	533,128
Decrease (increase) in other accounts receivable	(57,666)	(2,803)	(60,468)
Decrease (increase) in inventories and supplies	(18,238)	0	(18,238)
Decrease (increase) in accounts payable	1,723	19,914	21,637
Decrease (increase) in other accrued liabilities	(28,867)	(60)	(28,926)
Decrease (increase) in customer deposits	745	0	745
Decrease (increase) in accrued compensated absences	5,652	(534)	5,119
Net cash provided (used) by operating activities	<u>\$ 184,225</u>	<u>\$ 1,432,714</u>	<u>\$ 1,616,938</u>

## COMBINING 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:

- ◆ Equipment Services Fund – accounts for a full range of services in managing and maintaining the city's fleet of vehicles and equipment. The fund does not own the city fleet.
- ◆ Risk Management Fund – accounts for premiums, deductibles, and claims for all types of city insurance.

**CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 42,187	\$ 706,736	\$ 748,923
Investments	688,133	1,818,449	2,506,582
Inventories and supplies	184,202	(1,049)	183,153
Current restricted assets:			
Cash and cash equivalents		<u>188,000</u>	<u>188,000</u>
Total current assets	<u>914,522</u>	<u>2,712,136</u>	<u>3,626,658</u>
Capital assets:			
Land	737,566		737,566
Buildings	1,477,875		1,477,875
Equipment	1,807,008		1,807,008
Infrastructure	16,672		16,672
Less accumulated depreciation	<u>(2,552,671)</u>		<u>(2,552,671)</u>
Total noncurrent assets	<u>1,486,450</u>		<u>1,486,450</u>
Total assets	<u>2,400,972</u>	<u>2,712,136</u>	<u>5,113,108</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	39,733	178,226	217,959
Other accrued liabilities	(1,387)	2,575,302	2,573,915
Accrued compensated absences	7,757	1,572	9,329
Current liabilities payable from restricted assets:			
Accrued liabilities		<u>188,000</u>	<u>188,000</u>
Total current liabilities	<u>46,103</u>	<u>2,943,100</u>	<u>2,989,203</u>
Noncurrent liabilities:			
Accrued compensated absences	<u>9,460</u>	<u>1,416</u>	<u>10,877</u>
Total noncurrent liabilities	<u>9,460</u>	<u>1,416</u>	<u>10,877</u>
Total liabilities	<u>55,563</u>	<u>2,944,516</u>	<u>3,000,080</u>
<b>NET ASSETS</b>			
Invested in capital assets (net of related debt)	1,486,450		1,486,450
Unrestricted	<u>858,958</u>	<u>(232,380)</u>	<u>626,578</u>
Total net assets (liabilities)	<u>\$ 2,345,408</u>	<u>\$ (232,380)</u>	<u>\$ 2,113,028</u>

**CITY OF GRAND PRAIRIE, TEXAS**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUE</b>			
Sales to customers	\$ 2,700,558	\$	\$ 2,700,558
Insurance premiums		10,286,017	10,286,017
Miscellaneous	<u>3,592</u>	<u>18,501</u>	<u>22,093</u>
Total operating revenue	<u>2,704,150</u>	<u>10,304,518</u>	<u>13,008,668</u>
<b>OPERATING EXPENSE</b>			
Salaries and personnel benefits	888,711	107,199	995,910
Supplies and miscellaneous purchases	1,320,322	5,746	1,326,068
Purchased services	288,738	208,154	496,892
Insurance costs		10,110,779	10,110,779
Miscellaneous	4,183	11,860	16,043
Depreciation	<u>144,041</u>		<u>144,041</u>
Total operating expense	<u>2,645,995</u>	<u>10,443,738</u>	<u>13,089,733</u>
Operating income (loss)	<u>58,155</u>	<u>(139,220)</u>	<u>(81,065)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>			
Investment income	<u>8,981</u>	<u>60,279</u>	<u>69,260</u>
Total nonoperating revenue(expense)	<u>8,981</u>	<u>60,279</u>	<u>69,260</u>
Income (loss) before contributions and transfers	<u>67,136</u>	<u>(78,941)</u>	<u>(11,805)</u>
Transfers in	0	423,877	423,877
Transfers out	<u>(115,836)</u>	<u>(492,718)</u>	<u>(608,554)</u>
Change in net assets	<u>(48,700)</u>	<u>(147,782)</u>	<u>(196,482)</u>
Net assets at beginning of the year	<u>2,394,108</u>	<u>(84,598)</u>	<u>2,309,510</u>
Net assets at the end of the year	<u>\$ 2,345,408</u>	<u>\$ (232,380)</u>	<u>\$ 2,113,028</u>

**CITY OF GRAND PRAIRIE, TEXAS  
STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 2,700,558	\$	\$ 2,700,558
Cash received from other funds for services		10,286,017	10,286,017
Cash payments to suppliers for goods and services	(1,662,295)	(10,627,982)	(12,290,277)
Cash payments to employees for services	(887,398)		(887,398)
Other operating cash receipts (payments)	<u>(3,511)</u>	<u>30,701</u>	<u>27,190</u>
Net cash provided (used) by operating activities	<u>147,354</u>	<u>(311,264)</u>	<u>(163,912)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds		423,877	423,877
Transfers to other funds	<u>(115,836)</u>	<u>(492,718)</u>	<u>(608,554)</u>
Net cash provided (used) by noncapital financing activities	<u>(115,836)</u>	<u>(68,841)</u>	<u>(184,677)</u>
Cash flows from capital and related financing activities:			
Capital outlays	<u>(9,400)</u>		<u>(9,400)</u>
Net cash used by capital and related financing activities	<u>(9,400)</u>		<u>(9,400)</u>
Cash flows from investing activities:			
Investment earnings received on cash and investments	8,981	60,279	69,260
Purchase of investments	(430,521)	(1,137,696)	(1,568,217)
Sale of investments	<u>227,379</u>	<u>1,302,253</u>	<u>1,529,632</u>
Net cash provided (used) by investing activities	<u>(194,161)</u>	<u>224,836</u>	<u>30,675</u>
Net increase (decrease) in cash and cash equivalents	(172,043)	(155,269)	(327,313)
Cash and cash equivalents at beginning of year	<u>214,231</u>	<u>1,050,005</u>	<u>1,264,236</u>
Cash and cash equivalents at end of year	<u>\$ 42,188</u>	<u>\$ 894,736</u>	<u>\$ 936,923</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Net operating income (loss)	<u>\$ 58,153</u>	<u>\$ (139,221)</u>	<u>\$ (81,069)</u>
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	144,041		144,041
Change in assets and liabilities:			
Decrease (increase) in customer accounts receivable		1,050	(23,445)
Decrease (increase) in inventories and supplies	(24,494)	(194,965)	(223,705)
Decrease (increase) in accounts payable	(2,918)	23,011	20,093
Decrease (increase) in other accrued liabilities	1,313	(1,140)	173
Decrease (increase) in accrued compensated absences			
Net cash provided (used) by operating activities	<u>\$ 147,354</u>	<u>\$ (311,264)</u>	<u>\$ (163,912)</u>

# CAPITAL ASSETS OF GOVERNMENTAL FUNDS



**CITY OF GRAND PRAIRIE, TEXAS  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY SOURCE (SEE NOTE BELOW)  
 AS OF SEPTEMBER 30, 2004**

**Governmental funds capital assets:**

Land	\$ 18,902,739
Buildings	55,769,663
Equipment	39,269,295
Infrastructure	254,773,668
Construction in progress	<u>77,209,140</u>
Total governmental funds capital assets	<u>\$ 445,924,504</u>

**Investment in governmental funds capital assets by source:**

Capital projects funds	\$ 85,005,571
General Fund	344,117,521
Special revenue funds	889,854
Private and other	<u>15,911,559</u>
Total investment	<u>\$ 445,924,504</u>

Note:

This schedule presents only the capital asset balances related to governmental funds and excludes internal service funds.

CITY OF GRAND PRAIRIE, TEXAS  
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY (SEE NOTE BELOW)  
AS OF SEPTEMBER 30, 2004

Function and Activity	Land	Buildings	Equipment	Infrastructure	Total
<b>Support Services:</b>					
City Council	\$	\$ 8,000	\$	\$	\$ 8,000
City Manager	1,993,758	3,144,688	386,247	132,897	5,657,590
Budget		39,949	10,000		49,949
City Attorney			138,936		138,936
Human Resources		248,294	575,655		823,949
Information Systems			1,329,626	595,870	1,925,496
Finance	138,445	27,555,240	1,423,399	282,692	29,399,776
Total support services	<u>2,132,203</u>	<u>30,996,171</u>	<u>3,863,864</u>	<u>1,011,459</u>	<u>38,003,697</u>
<b>Public Safety:</b>					
Fire	536,269	4,016,585	8,122,821	1,077,231	13,752,905
Police	725,971	2,800,998	9,078,622	568,228	13,173,819
Environmental Health	132,862	423,880	263,030	185,310	1,005,082
Municipal Court	186,003	2,261,062	238,753	7,863	2,693,681
Total public safety	<u>1,581,104</u>	<u>9,502,526</u>	<u>17,703,226</u>	<u>1,838,632</u>	<u>30,625,488</u>
<b>Recreation and Leisure:</b>					
Parks and Recreation	10,052,462	8,784,694	3,857,817	9,136,622	31,831,595
Library	49,904	6,141,668	2,710,712	384,581	9,286,865
Total recreation and leisure	<u>10,102,367</u>	<u>14,926,362</u>	<u>6,568,528</u>	<u>9,521,203</u>	<u>41,118,460</u>
<b>Development Services:</b>					
Planning			52,500	37,940	90,440
Economic Development		20,000		461,589	481,589
Housing & Community Development	66,500	236,555	523,768	654,769	1,481,592
Public Works	4,844,957	31,739	281,732	108,622,223	113,780,652
Transportation	110,733	18,132	6,620,187	8,611,252	15,360,304
Streets	64,874	38,178	3,655,489	124,014,601	127,773,142
Total development services	<u>5,087,065</u>	<u>344,604</u>	<u>11,133,677</u>	<u>242,402,374</u>	<u>258,967,719</u>
Total	<u>\$ 18,902,739</u>	<u>\$55,769,662</u>	<u>\$39,269,295</u>	<u>\$ 254,773,668</u>	<u>\$ 368,715,363</u>
Construction in Progress					<u>77,209,140</u>
Total governmental funds capital assets					<u>\$ 445,924,504</u>

Note:

This schedule presents only the capital asset balances related to governmental funds and excludes internal service funds.



CITY OF GRAND PRAIRIE, TEXAS  
SCHEDULE OF CHANGE IN CAPITAL ASSETS USED IN THE  
OPERATIONS OF GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY (SEE NOTE BELOW)  
AS OF SEPTEMBER 30, 2004

Function and Activity	Balance September 30, 2003	Additions/ Completions	Disposals/ Reclassifications	Balance September 30, 2004
Support Services:				
City Council	\$ 8,000	\$	\$	\$ 8,000
City Manager	5,218,310	439,280		5,657,590
Budget	49,949			49,949
City Attorney	138,936			138,936
Human Resources	823,949			823,949
Information Systems	1,638,019	287,477		1,925,496
Finance	29,388,658	11,118		29,399,776
Total support services	<u>37,265,821</u>	<u>737,876</u>		<u>38,003,697</u>
Public Safety:				
Fire	13,384,389	481,907	(113,392)	13,752,905
Police	12,399,068	987,584	(212,833)	13,173,819
Environmental Health	999,781	35,939	(30,637)	1,005,083
Municipal Court	2,693,681			2,693,681
Total public safety	<u>29,476,919</u>	<u>1,505,431</u>	<u>(356,861)</u>	<u>30,625,488</u>
Recreation and Leisure:				
Parks and Recreation	29,439,504	2,392,092		31,831,596
Library	9,003,190	283,675		9,286,865
Total recreation and leisure	<u>38,442,694</u>	<u>2,675,767</u>		<u>41,118,460</u>
Development Services:				
Planning	90,440			90,440
Building Inspection	5,008		(5,008)	
Economic Development	481,589			481,589
Housing & Community Development	1,478,460	26,286	(23,153)	1,481,593
Public Works	78,091,570	35,689,082		113,780,652
Transportation	12,951,182	2,422,359	(13,237)	15,360,304
Streets	122,134,345	5,966,266	(327,469)	127,773,141
Total development services	<u>215,232,594</u>	<u>44,103,992</u>	<u>(368,867)</u>	<u>258,967,719</u>
Construction in progress	58,645,327	30,223,029	(11,659,216)	77,209,140
Total governmental funds capital assets	<u>\$ 379,063,355</u>	<u>\$ 79,246,095</u>	<u>\$ (12,384,945)</u>	<u>\$ 445,924,504</u>

Note:

This schedule presents only the capital asset balances related to governmental funds and excludes internal service funds.



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# SUPPLEMENTAL SCHEDULES



## SUPPLEMENTAL SCHEDULES

The schedules in this section, although not required for fair presentation in conformity with Generally Accepted Accounting Principles, present other information deemed useful. The information consists of schedules which aggregate the several funds which exist internally in the city's accounting system into the Park Venue Fund, the Risk Management Fund, the Water and Wastewater Fund, the Solid Waste Fund, the Municipal Golf Course Fund, the Airport Fund and the Tax Increment Financing (TIF) Fund

**CITY OF GRAND PRAIRIE, TEXAS**  
**AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)**  
**WATER AND WASTEWATER FUND**  
**SEPTEMBER 30, 2004**

	<u>Operating</u>	<u>Debt Service</u>	<u>Water Capital Projects</u>	<u>Rate Stabilization</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 5,165,025	\$ 3,146,444	\$ 4,188,530	\$
Investments	4,568,532	(1,522,781)	5,730,844	2,446,527
Accounts receivable	2,457,283			
Inventories and supplies	335,495			
Current restricted assets:				
Investments		4,531,526		
Total current assets	<u>12,526,335</u>	<u>6,155,189</u>	<u>9,919,374</u>	<u>2,446,527</u>
Capital assets:				
Land	751,089			
Buildings	2,061,658			
Equipment	9,270,063			
Improvements other than buildings	171,382,441			
Construction in progress	8,770,301			
Less: Accumulated depreciation	<u>(65,513,324)</u>			
Total capital assets	<u>126,722,228</u>			
Total assets	<u>139,248,563</u>	<u>6,155,189</u>	<u>9,919,374</u>	<u>2,446,527</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,522,522		105,993	
Accrued liabilities	23,820			
Accrued compensated absences	79,222			
Current liabilities payable from restricted assets:				
Customer deposits	1,684,140			
Accrued liabilities		237,790		
Current portion of long term debt	2,609,596			
Total current liabilities	<u>5,919,300</u>	<u>237,790</u>	<u>105,993</u>	
Noncurrent liabilities				
Accrued compensated absences	109,638			
Long term debt	<u>30,252,418</u>			
Total noncurrent liabilities	<u>30,362,056</u>			
Total liabilities	<u>36,281,356</u>	<u>237,790</u>	<u>105,993</u>	
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	94,992,594			
Restricted for debt service		2,847,386		
Unrestricted	7,974,613	3,070,013	9,813,381	2,446,527
Total net assets	<u>\$ 102,967,207</u>	<u>\$ 5,917,399</u>	<u>\$ 9,813,381</u>	<u>\$ 2,446,527</u>

<u>Wastewater Capital Projects</u>	<u>Water/ Wastewater Projects</u>	<u>Water/ Wastewater Capital Reserve</u>	<u>Total</u>
\$ 2,050,572	\$ 1,805,565	\$ 800,493	\$ 17,156,629
3,116,902	182,800	(723,099)	13,799,725
			2,457,283
			335,495
			<u>4,531,526</u>
<u>5,167,474</u>	<u>1,988,365</u>	<u>77,394</u>	<u>38,280,658</u>
			751,089
			2,061,658
			9,270,063
			171,382,441
			8,770,301
			<u>(65,513,324)</u>
			<u>126,722,228</u>
<u>5,167,474</u>	<u>1,988,365</u>	<u>77,394</u>	<u>165,002,886</u>
			4,822
			1,633,337
			23,820
			79,222
			1,684,140
			237,790
			2,609,596
<u>4,822</u>			<u>6,267,905</u>
			109,638
			<u>30,252,418</u>
			30,362,056
<u>4,822</u>			<u>36,629,961</u>
			94,992,594
			2,847,386
<u>5,162,652</u>	<u>1,988,365</u>	<u>77,394</u>	<u>30,532,945</u>
<u>\$ 5,162,652</u>	<u>\$ 1,988,365</u>	<u>\$ 77,394</u>	<u>\$ 128,372,925</u>

CITY OF GRAND PRAIRIE, TEXAS  
 AGGREGATING SCHEDULE OF REVENUE, EXPENSE AND CHANGES IN NET ASSETS (UNAUDITED)  
 WATER AND WASTEWATER FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Operating</u>	<u>Debt Service</u>	<u>Water Capital Projects</u>
<b>OPERATING REVENUE</b>			
Sales to customers	\$ 17,318,723	\$	\$
Wastewater charges to customers	11,799,953		
Water and wastewater fees	980,364		
Wastewater surcharges	568,661		
Intergovernmental revenue			33,190
Miscellaneous	392,668		
Total operating revenue	<u>31,060,369</u>		<u>33,190</u>
<b>OPERATING EXPENSE</b>			
Personal Services	4,487,679		
Supplies	267,422		
Purchased Services	2,478,944		736
Capital outlay	(7,598,510)		5,960,483
Water purchases	6,683,792		
Wastewater treatment	6,386,274		
Miscellaneous	171,993	(1,235)	50,108
Depreciation	6,891,312		
Franchise fees	1,190,216		
General and administrative costs	1,594,846		
Principal payment on bonds	(5,808,452)	5,808,452	
Total operating expense	<u>16,745,516</u>	<u>5,807,217</u>	<u>6,011,327</u>
Operating income (loss)	<u>14,314,853</u>	<u>(5,807,217)</u>	<u>(5,978,137)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>			
Impact fees			
Investment income	95,537	50,871	
Proceeds from issuance of debt	(12,725,000)	3,145,000	8,356,500
Gain (loss) on sale of capital assets	(6,668)		
Interest expense		(894,036)	
Total nonoperating revenue (expenses)	<u>(12,636,131)</u>	<u>2,301,835</u>	<u>8,356,500</u>
Income (loss) before transfers and contributions	1,678,722	(3,505,382)	2,378,363
Transfers in	(13,841,860)	3,831,000	4,028,265
Transfers out	6,649,878		
Capital contributions	8,684,872		
Change in net assets	<u>3,171,612</u>	<u>325,618</u>	<u>6,406,628</u>
Net assets at the beginning of the year	99,795,595	5,591,781	3,406,753
Net assets at the end of the year	<u>\$ 102,967,207</u>	<u>\$ 5,917,399</u>	<u>\$ 9,813,381</u>

<u>Rate Stabilization</u>	<u>Wastewater Capital Projects</u>	<u>Water/ Wastewater Projects</u>	<u>Water Wastewater Capital Reserve</u>	<u>Total</u>
\$	\$	\$	\$	\$ 17,318,723
				11,799,953
				980,364
				568,661
	1,768,681			1,801,871
				392,668
	<u>1,768,681</u>			<u>32,862,240</u>
				4,487,679
				267,422
				2,479,680
	1,459,784	178,243		6,683,792
				6,386,274
				220,866
				6,891,312
				1,190,216
				1,594,846
	<u>1,459,784</u>	<u>178,243</u>		<u>30,202,087</u>
	<u>308,897</u>	<u>(178,243)</u>		<u>2,660,153</u>
				1,484,692
				146,408
	1,223,500			(6,668)
				(894,036)
	<u>1,223,500</u>	<u>1,484,692</u>		<u>730,396</u>
	<u>1,532,397</u>	<u>1,306,449</u>		<u>3,390,549</u>
	1,916,707		4,160,000	94,112
	(44,083)	(2,447,665)	(5,367,392)	(1,209,262)
				8,684,872
	<u>3,405,021</u>	<u>(1,141,216)</u>	<u>(1,207,392)</u>	<u>10,960,271</u>
<u>2,446,527</u>	<u>1,757,631</u>	<u>3,129,581</u>	<u>1,284,786</u>	<u>117,412,654</u>
<u>\$ 2,446,527</u>	<u>\$ 5,162,652</u>	<u>\$ 1,988,365</u>	<u>\$ 77,394</u>	<u>\$ 128,372,925</u>



**CITY OF GRAND PRAIRIE, TEXAS**  
**AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)**  
**SOLID WASTE FUND**  
**SEPTEMBER 30, 2004**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Closure Liability</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 355,554	\$ 370,468	\$ 239,960	\$ 104,961
Investment	997,700	(157,545)	792,833	1,463,781
Accounts receivable	511,733			
Current restricted assets:				
Restricted investments		352,149		
Total current assets	<u>1,864,987</u>	<u>565,072</u>	<u>1,032,793</u>	<u>1,568,742</u>
Capital assets:				
Land	1,748,378			
Buildings	726,069			
Equipment	3,743,352			
Improvements other than buildings	6,610,900			
Construction in progress	307,170			
Less accumulated depreciation	<u>(2,919,855)</u>			
Total capital assets	<u>10,216,013</u>			
Total assets	<u>12,081,000</u>	<u>565,072</u>	<u>1,032,793</u>	<u>1,568,742</u>
<b>LIABILITIES</b>				
Current liabilities :				
Accounts payable	232,488		2,500	
Accrued liabilities	61,070			
Accrued compensated absences	20,956			
Current liabilities payable from restricted assets:				
Customer deposits	806			
Accrued interest		5,603		
Current portion of long term debt	<u>345,740</u>			
Total current liabilities	<u>661,060</u>	<u>5,603</u>	<u>2,500</u>	
Noncurrent liabilities:				
Accrued compensated absences	41,511			
Closure and post closure liability	2,915,000			
Long term debt	<u>292,043</u>			
Total noncurrent liabilities	<u>3,248,554</u>			
Total liabilities	<u>3,909,614</u>	<u>5,603</u>	<u>2,500</u>	
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)	9,578,230			
Restricted for debt service		351,343		
Unrestricted	<u>(1,406,844)</u>	<u>208,126</u>	<u>1,030,293</u>	<u>1,568,742</u>
Total net assets	<u>\$ 8,171,386</u>	<u>\$ 559,469</u>	<u>\$ 1,030,293</u>	<u>\$ 1,568,742</u>

<u>Equipment Acquisition</u>	<u>Landfill Replacement</u>	<u>Liner Reserve</u>	<u>Special Projects</u>	<u>Total</u>
\$ 563,856	\$ 100,000	\$ 1,449	\$ 204,521	\$ 1,940,769
425,520	1,967,728	516,435		6,006,451
				511,733
				352,149
<u>989,376</u>	<u>2,067,728</u>	<u>517,884</u>	<u>204,521</u>	<u>8,811,102</u>
				1,748,378
				726,069
				3,743,352
				6,610,900
				307,170
				(2,919,855)
				10,216,013
<u>989,376</u>	<u>2,067,728</u>	<u>517,884</u>	<u>204,521</u>	<u>19,027,116</u>
				234,988
				61,070
				20,956
				806
				5,603
				345,740
				669,163
				41,511
				2,915,000
				292,043
				3,269,510
				3,917,717
				9,578,230
				351,343
<u>989,376</u>	<u>2,067,728</u>	<u>517,884</u>	<u>204,521</u>	<u>5,179,826</u>
<u>\$989,376</u>	<u>\$ 2,067,728</u>	<u>\$517,884</u>	<u>\$ 204,521</u>	<u>\$ 15,109,399</u>

**CITY OF GRAND PRAIRIE, TEXAS**  
**AGGREGATING SCHEDULE OF REVENUE, EXPENSE, AND CHANGES IN NET ASSETS (UNAUDITED)**  
**SOLID WASTE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Closure Liability</u>
<b>OPERATING REVENUE</b>				
Sales to customers	\$ 7,689,996	\$	\$	\$
Franchise fees	265,476			
Miscellaneous	4,890			
Total operating revenue	<u>7,960,362</u>			
<b>OPERATING EXPENSE</b>				
Personal Services	1,185,926			
Supplies	312,049			
Purchased Services	4,401,391			
Miscellaneous	74,517			
Capital outlay	(1,219,500)		173,500	
Depreciation	552,547			
Franchise Fee	460,386			
General and administrative costs	206,535			
Principal payment on bonds	(365,802)	365,802		
Total operating expense	<u>5,608,049</u>	<u>365,802</u>	<u>173,500</u>	
Operating income	<u>2,352,313</u>	<u>(365,802)</u>	<u>(173,500)</u>	
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Investment income	18,486	3,469		
Loss on sale of capital asset	(493,757)			
Interest expense	(41,273)	(17,169)		
Total nonoperating revenue (expense)	<u>(516,544)</u>	<u>(13,700)</u>		
Income (loss) before contributions and transfers	1,835,769	(379,502)	(173,500)	
Transfers in	(1,828,300)	383,134	408,280	100,000
Transfers out	(210,115)			
Change in net assets	<u>(202,646)</u>	<u>3,632</u>	<u>234,780</u>	<u>100,000</u>
Net assets at the beginning of the year	<u>8,374,032</u>	<u>555,837</u>	<u>795,513</u>	<u>1,468,742</u>
Net assets at the end of the year	<u>\$ 8,171,386</u>	<u>\$ 559,469</u>	<u>\$ 1,030,293</u>	<u>\$ 1,568,742</u>

<u>Equipment Acquisition</u>	<u>Landfill Replacement</u>	<u>Liner Reserve</u>	<u>Special Projects</u>	<u>Total</u>
\$	\$	\$	\$	\$ 7,689,996
				265,476
				4,890
				<u>7,960,362</u>
				1,185,926
				312,049
				4,401,391
				74,517
7,650		1,038,350		552,547
				460,386
				206,535
<u>7,650</u>		<u>1,038,350</u>		<u>7,193,351</u>
<u>(7,650)</u>		<u>(1,038,350)</u>		<u>767,011</u>
				21,955
				(493,757)
				(58,442)
				<u>(530,244)</u>
(7,650)		(1,038,350)		236,767
625,000	95,000	100,000	125,166	8,280
				(210,115)
<u>617,350</u>	<u>95,000</u>	<u>(938,350)</u>	<u>125,166</u>	<u>34,932</u>
372,026	1,972,728	1,456,234	79,355	15,074,467
<u>\$ 989,376</u>	<u>\$ 2,067,728</u>	<u>\$ 517,884</u>	<u>\$ 204,521</u>	<u>\$ 15,109,399</u>

CITY OF GRAND PRAIRIE, TEXAS  
 AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)  
 AIRPORT FUND  
 SEPTEMBER 30, 2004

	Operating Account	Debt Service Account	Capital Projects Account	Grant Account	2004 Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ (62,852)	\$ 121,933	\$ 1,779,448	\$ (53,230)	\$ 1,785,299
Investment	251,755		105,001		356,756
Accounts receivable	53,398				53,398
Inventory and supplies	39,956				39,956
Due from other governments				27,163	27,163
Current restricted assets:					
Cash and cash equivalents		99,374			99,374
Total current assets	<u>282,257</u>	<u>221,307</u>	<u>1,884,449</u>	<u>(26,067)</u>	<u>2,361,946</u>
Capital assets:					
Land	183,923				183,923
Buildings	2,359,228				2,359,228
Equipment	512,425				512,425
Infrastructure	4,768,084				4,768,084
Construction In Progress	570,071				570,071
Less: accumulated depreciation	(3,256,436)				(3,256,436)
Total capital assets	<u>5,137,295</u>				<u>5,137,295</u>
Total assets	<u>5,419,552</u>	<u>221,307</u>	<u>1,884,449</u>	<u>(26,067)</u>	<u>7,499,241</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	13,792		20	2,373	16,185
Accrued liabilities	(1,581)				(1,581)
Accrued compensated absenses	7,806				7,806
Current liabilities payable from restricted assets:					
Customer deposits	37,730				37,730
Accrued liabilities		16,644			16,644
Current portion of long-term debt	45,000				45,000
Total current liabilities	<u>102,747</u>	<u>16,644</u>	<u>20</u>	<u>2,373</u>	<u>121,784</u>
Noncurrent liabilities:					
Accrued compensated absenses	15,618				15,618
Long-term debt less the current portion	2,490,000				2,490,000
Total noncurrent liabilities	<u>2,505,618</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,505,618</u>
Total liabilities	<u>2,608,365</u>	<u>16,644</u>	<u>20</u>	<u>2,373</u>	<u>2,627,402</u>
<b>NET ASSETS</b>					
Investment in capital assets, net of related det	2,602,295				2,602,295
Restricted for debt service	45,000	16,644			61,644
Unrestricted	163,892	188,019	1,884,429	(28,440)	2,207,900
Total net assets (liabilities)	<u>\$ 2,811,187</u>	<u>\$ 204,663</u>	<u>\$ 1,884,429</u>	<u>\$ (28,440)</u>	<u>\$ 4,871,839</u>

CITY OF GRAND PRAIRIE, TEXAS  
 AIRPORT FUND  
 AGGREGATING SCHEDULE OF REVENUE, EXPENSE AND CHANGES IN NET ASSETS (UNAUDITED)  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Operating Account	Debt Service Account	Capital Projects Account	Grant Account	2004 Total
<b>OPERATING REVENUE</b>					
Sales to customers	\$ 754,077	\$	\$	\$	\$ 754,077
Intergovernmental revenue				339,087	339,087
Miscellaneous	547,160		160	501	547,821
Total operating revenue	<u>1,301,237</u>		<u>160</u>	<u>339,588</u>	<u>1,640,985</u>
<b>OPERATING EXPENSE</b>					
Personal Services	304,976				304,976
Supplies	633,153				633,153
Purchased Services	97,507			322,301	419,808
Miscellaneous	2,169				2,169
Capital outlay	(553,807)		10,127	543,680	
Depreciation	313,609				313,609
Total operating expense	<u>797,607</u>		<u>10,127</u>	<u>865,981</u>	<u>1,673,715</u>
Operating income (loss)	<u>503,630</u>		<u>(9,967)</u>	<u>(526,393)</u>	<u>(32,730)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Investment income	2,382	1,144	2,481		6,007
Interest expense		(13,240)	(40,000)		(53,240)
Proceeds from issuance of debt	(2,120,000)	190,000	1,930,000		
Principal payment on bonds	40,000	(40,000)			
Total nonoperating revenue (expense)	<u>(2,077,618)</u>	<u>137,904</u>	<u>1,892,481</u>		<u>(47,233)</u>
Income (loss) before transfers	<u>(1,573,988)</u>	<u>137,904</u>	<u>1,882,514</u>	<u>(526,393)</u>	<u>(79,963)</u>
Transfers out	(285,507)	68,031	(105,347)	320,593	(2,230)
Change in net assets	<u>(1,859,495)</u>	<u>205,935</u>	<u>1,777,167</u>	<u>(205,800)</u>	<u>(82,193)</u>
Net assets at the beginning of the year	4,670,682	(1,272)	107,262	177,360	4,954,032
Net assets at the end of the year	<u>\$ 2,811,187</u>	<u>\$ 204,663</u>	<u>\$ 1,884,429</u>	<u>\$ (28,440)</u>	<u>\$ 4,871,839</u>

**CITY OF GRAND PRAIRIE, TEXAS  
 AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)  
 MUNICIPAL GOLF COURSE FUND  
 SEPTEMBER 30, 2004**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 8,836	\$ (155,826)	\$ 1,291,532	\$ 1,144,542
Investments	381,482	106,031	130,463	617,976
Current restricted assets:				
Cash and cash equivalents		<u>288,053</u>		<u>288,053</u>
Total current assets	<u>390,318</u>	<u>238,258</u>	<u>1,421,995</u>	<u>2,050,571</u>
Capital assets:				
Land	568,284			568,284
Buildings	1,854,835			1,854,835
Equipment	1,104,515			1,104,515
Improvements other than buildings	7,499,907			7,499,907
Construction in progress	626,200			626,200
Less: Accumulated depreciation	<u>(3,718,300)</u>			<u>(3,718,300)</u>
Total capital assets	<u>7,935,441</u>			<u>7,935,441</u>
Total assets	<u>8,325,759</u>	<u>238,258</u>	<u>1,421,995</u>	<u>9,986,012</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	76,891		3,241	80,132
Accrued liabilities	1,471			1,471
Accrued compensated absences	24,269			24,269
Current liabilities payable from restricted assets:				
Accrued liabilities		7,125		7,125
Current portion of long term debt	<u>280,928</u>			<u>280,928</u>
Total current liabilities	<u>383,559</u>	<u>7,125</u>	<u>3,241</u>	<u>393,925</u>
Noncurrent liabilities				
Accrued compensated absences	28,986			28,986
Long term debt	<u>8,136,072</u>			<u>8,136,072</u>
Total noncurrent liabilities	<u>8,165,058</u>			<u>8,165,058</u>
Total liabilities	<u>8,548,617</u>	<u>7,125</u>	<u>3,241</u>	<u>8,558,983</u>
<b>NET ASSETS</b>				
Invested in capital assets (net of related debt)		288,053		288,053
Restricted for debt service		(56,920)		(56,920)
Unrestricted	<u>(222,858)</u>		<u>1,418,754</u>	<u>1,138,975</u>
Total net assets	<u>\$ (222,858)</u>	<u>\$ 231,133</u>	<u>\$ 1,418,754</u>	<u>\$ 1,427,029</u>

**CITY OF GRAND PRAIRIE, TEXAS**  
**AGGREGATING SCHEDULE OF REVENUE, EXPENSE, AND CHANGES IN FUND NET ASSETS (UNAUDITED)**  
**MUNICIPAL GOLF COURSE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
<b>OPERATING REVENUE</b>				
Sales to customers	\$ 1,654,497	\$	\$	\$ 1,654,497
Miscellaneous	<u>424,355</u>			<u>424,355</u>
Total operating revenue	2,078,852			2,078,852
<b>OPERATING EXPENSE</b>				
Personal Services	1,056,874			1,056,874
Supplies	246,769			246,769
Purchased Services	1,125,404			1,125,404
Capital outlay	(649,590)		649,590	
Miscellaneous	9,707			9,707
Depreciation	444,217			444,217
Principal payment on bonds	<u>(3,525,000)</u>	<u>3,525,000</u>		
Total operating expense	<u>(1,291,619)</u>	<u>3,525,000</u>	<u>649,590</u>	<u>2,882,971</u>
Operating income (loss)	<u>3,370,471</u>	<u>(3,525,000)</u>	<u>(649,590)</u>	<u>(804,119)</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Investment income	3,042	1,977		5,019
Gain (loss) on property disposition	(45,529)			(45,529)
Interest expense		(331,800)		(331,800)
Proceeds from issuance of debt	<u>(5,442,500)</u>	<u>3,510,000</u>	<u>1,932,500</u>	
Total nonoperating revenue (expense)	<u>(5,484,987)</u>	<u>3,180,177</u>	<u>1,932,500</u>	<u>(372,310)</u>
Income (loss) before transfers	<u>(2,114,516)</u>	<u>(344,823)</u>	<u>1,282,910</u>	<u>(1,176,429)</u>
Transfers in	319,632	408,093	192,138	919,863
Transfers out	<u>(11,150)</u>		<u>(192,138)</u>	<u>(203,288)</u>
Change in net assets	(1,806,034)	63,270	1,282,910	(459,854)
Net assets - beginning of year	<u>1,583,176</u>	<u>167,863</u>	<u>135,844</u>	<u>1,886,883</u>
Net assets - end of year	<u>\$ (222,858)</u>	<u>\$ 231,133</u>	<u>\$ 1,418,754</u>	<u>\$ 1,427,029</u>



CITY OF GRAND PRAIRIE, TEXAS  
 AGGREGATING BALANCE SHEET (UNAUDITED)  
 PARK VENUE FUND  
 SEPTEMBER 30, 2004

ASSETS	Operating	Debt Service	Capital Projects	Rainy Day Fund	Total
Cash and cash equivalents	\$ 440,784	\$ 191,500	\$ 4,699,573	\$ 939,261	\$ 6,271,118
Investment	1,555,310	1,686,002	5,230,573	8,381	8,480,266
Sales Tax	720,763				720,763
<b>Total assets</b>	<u>2,716,857</u>	<u>1,877,502</u>	<u>9,930,146</u>	<u>947,642</u>	<u>15,472,147</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities :					
Accounts payable	248,533		238,992		487,525
Accrued liabilities	19,141	27,672			46,813
Deferred revenue	3,300				3,300
<b>Total liabilities</b>	<u>270,974</u>	<u>27,672</u>	<u>238,992</u>		<u>537,638</u>
Fund Balance:					
Reserved for:					
Encumbrances			492,385		492,385
Bond debt service					
Unreserved, undesignated in:					
Special revenue fund	2,445,883	1,849,830	9,198,769	947,642	14,442,124
<b>Total fund balance</b>	<u>2,445,883</u>	<u>1,849,830</u>	<u>9,691,154</u>	<u>947,642</u>	<u>14,934,509</u>
<b>Total liabilities and fund balance</b>	<u>\$ 2,716,857</u>	<u>\$ 1,877,502</u>	<u>\$ 9,930,146</u>	<u>\$ 947,642</u>	<u>\$ 15,472,147</u>

CITY OF GRAND PRAIRIE, TEXAS  
 AGGREGATING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (UNAUDITED)  
 PARK VENUE FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	Operating	Debt Service	Capital Projects	Rainy Day Fund	Total
<b>REVENUE</b>					
Sales tax	\$ 3,995,002	\$	\$	\$	\$ 3,995,002
Charges for goods and services	1,266,976				1,266,976
General and administrative revenue	58,517				58,517
Investment income	17,402	25,865	150,852	13,261	207,380
Contributions			135,028		135,028
Other	349,016				349,016
Total revenue	<u>5,686,913</u>	<u>25,865</u>	<u>285,880</u>	<u>13,261</u>	<u>6,011,919</u>
<b>EXPENDITURES</b>					
Current operations:					
Support services	97,687				97,687
Recreation and leisure services	8,303,086				8,303,086
Capital outlay	32,170		5,543,642		5,575,812
Debt service:					
Principal retirement		720,000			720,000
Interest expense		1,562,359			1,562,359
Total expenditures	<u>8,432,943</u>	<u>2,282,359</u>	<u>5,543,642</u>		<u>16,258,944</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,746,030)</u>	<u>(2,256,494)</u>	<u>(5,257,762)</u>	<u>13,261</u>	<u>(10,247,025)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	6,487,955	2,445,988	(2,216,500)		6,717,443
Transfers out	(3,412,535)		3,095,472	(74,000)	(391,063)
Proceeds from the issuance of debt			5,915,000		5,915,000
Total other financing sources (uses)	<u>3,075,420</u>	<u>2,445,988</u>	<u>6,793,972</u>	<u>(74,000)</u>	<u>12,241,380</u>
Net change in fund balance	329,390	189,494	1,536,210	(60,739)	1,994,355
Fund balance - beginning of year	2,116,493	1,660,336	8,154,944	1,008,381	12,940,154
Fund balance - end of year	<u>\$ 2,445,883</u>	<u>\$ 1,849,830</u>	<u>\$ 9,691,154</u>	<u>\$ 947,642</u>	<u>\$ 14,934,509</u>

**CITY OF GRAND PRAIRIE, TEXAS**  
**AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)**  
**RISK MANAGEMENT FUND**  
**SEPTEMBER 30, 2004**

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total Risk Management</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ (422,523)	\$ 1,129,259	\$ 706,736
Investments	2,019,761	(201,312)	1,818,449
Inventory and supplies	(1,049)		(1,049)
Current restricted assets:			
Cash and cash equivalents		188,000	188,000
Total current assets	<u>1,596,189</u>	<u>1,115,947</u>	<u>2,712,136</u>
Total assets	<u>1,596,189</u>	<u>1,115,947</u>	<u>2,712,136</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	153,778	24,448	178,226
Accrued liabilities	1,486,179	1,089,123	2,575,302
Accrued compensated absences	465	1,107	1,572
Current liabilities payable from restricted assets:			
Accrued liabilities		188,000	188,000
Total current liabilities	<u>1,640,422</u>	<u>1,302,678</u>	<u>2,943,100</u>
Noncurrent liabilities:			
Accrued compensated absences	1,416		1,416
Total noncurrent liabilities	<u>1,416</u>		<u>1,416</u>
Total liabilities	<u>1,641,838</u>	<u>1,302,678</u>	<u>2,944,516</u>
<b>NET ASSETS</b>			
Unrestricted	<u>(45,649)</u>	<u>(186,731)</u>	<u>(232,380)</u>
Total net assets	<u>(45,649)</u>	<u>(186,731)</u>	<u>(232,380)</u>

CITY OF GRAND PRAIRIE, TEXAS  
 AGGREGATING SCHEDULE OF REVENUE, EXPENSE AND CHANGES IN NET ASSETS (UNAUDITED)  
 RISK MANAGEMENT FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
<b>OPERATING REVENUE</b>			
Insurance premiums	\$ 2,242,780	\$ 8,043,237	\$ 10,286,017
Miscellaneous	18,501		18,501
Total operating revenue	<u>2,261,281</u>	<u>8,043,237</u>	<u>10,304,518</u>
<b>OPERATING EXPENSE</b>			
Personal services	52,073	55,126	107,199
Supplies	2,046	3,700	5,746
Purchased services	139,675	68,479	208,154
Insurance claims	1,961,443	8,149,336	10,110,779
Miscellaneous	11,860		11,860
Total operating expense	<u>2,167,097</u>	<u>8,276,641</u>	<u>10,443,738</u>
Operating income (loss)	<u>94,184</u>	<u>(233,404)</u>	<u>(139,220)</u>
<b>NONOPERATING REVENUE</b>			
Investment income	30,861	29,418	60,279
Total nonoperating revenue	<u>30,861</u>	<u>29,418</u>	<u>60,279</u>
Income (loss) before transfers	<u>125,045</u>	<u>(203,986)</u>	<u>(78,941)</u>
Transfers in	(446)	424,323	423,877
Transfers out	(434,677)	(58,041)	(492,718)
Change in net assets	<u>(310,078)</u>	<u>162,296</u>	<u>(147,782)</u>
Net assets at the beginning of the year	<u>264,429</u>	<u>(349,027)</u>	<u>(84,598)</u>
Net assets at the end of the year	<u>\$ (45,649)</u>	<u>\$ (186,731)</u>	<u>\$ (232,380)</u>

CITY OF GRAND PRAIRIE, TEXAS  
 AGGREGATING BALANCE SHEET (UNAUDITED)  
 TAX INCREMENT FINANCING FUND  
 SEPTEMBER 30, 2004

<b>ASSETS</b>	<u>TIF 1</u>	<u>TIF 2</u>	<u>TIF 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 59,680	\$ 1,117,103	\$ 10,885	\$ 1,187,668
Investment	216,501	1,083,840	60,072	1,360,413
<b>Total assets</b>	<u>276,181</u>	<u>2,200,943</u>	<u>70,957</u>	<u>2,548,081</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
Liabilities :				
Accrued liabilities	18,361	103,568	16,032	137,961
<b>Total liabilities</b>	<u>18,361</u>	<u>103,568</u>	<u>16,032</u>	<u>137,961</u>
 Fund Balance:				
Unreserved, undesignated in:				
Special revenue fund	257,820	2,097,374	54,926	2,410,120
<b>Total fund balance</b>	<u>257,820</u>	<u>2,097,374</u>	<u>54,926</u>	<u>2,410,120</u>
<b>Total liabilities and fund balance</b>	<u>\$ 276,181</u>	<u>\$ 2,200,942</u>	<u>\$ 70,958</u>	<u>\$ 2,548,081</u>

CITY OF GRAND PRAIRIE, TEXAS  
 AGGREGATING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE (UNAUDITED)  
 TAX INCREMENT FINANCING FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2004

	<u>TIF 1</u>	<u>TIF 2</u>	<u>TIF 3</u>	<u>Total</u>
<b>REVENUE</b>				
Property tax	\$ 438,850	\$ 2,164,735	\$ 258,000	\$ 2,861,585
Charges for goods and services	1,500			1,500
Intergovernmental revenue		383,897		383,897
Investment income	<u>11,463</u>	<u>50,114</u>	<u>3,491</u>	<u>65,068</u>
Total revenue	<u>451,813</u>	<u>2,598,746</u>	<u>261,491</u>	<u>3,312,050</u>
<b>EXPENDITURES</b>				
Current operations:				
Development services and other	107,580	532,126	2,428	642,134
Debt service:				
Principal retirement	45,000	295,000		340,000
Interest expense	<u>41,080</u>	<u>295,068</u>	<u>10,000</u>	<u>346,148</u>
Total expenditures	<u>193,660</u>	<u>1,122,194</u>	<u>12,428</u>	<u>1,328,282</u>
Excess (deficiency) of revenue over (under) expenditures	<u>258,153</u>	<u>1,476,552</u>	<u>249,063</u>	<u>1,983,768</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	421,934	(1,430,118)	(1,429,216)	(2,437,400)
Proceeds from the issuance of debt			<u>1,170,000</u>	<u>1,170,000</u>
Total other financing sources (uses)	<u>421,934</u>	<u>(1,430,118)</u>	<u>(259,216)</u>	<u>(1,267,400)</u>
Net change in fund balance	680,087	46,434	(10,153)	716,368
Fund balance - beginning of year	<u>(422,267)</u>	<u>2,050,940</u>	<u>65,079</u>	<u>1,693,752</u>
Fund balance - end of year	<u>\$ 257,820</u>	<u>\$ 2,097,374</u>	<u>\$ 54,926</u>	<u>\$ 2,410,120</u>



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# STATISTICAL SECTION





**CITY OF GRAND PRAIRIE, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2004**  
**STATISTICAL SECTION INDEX (Unaudited)**

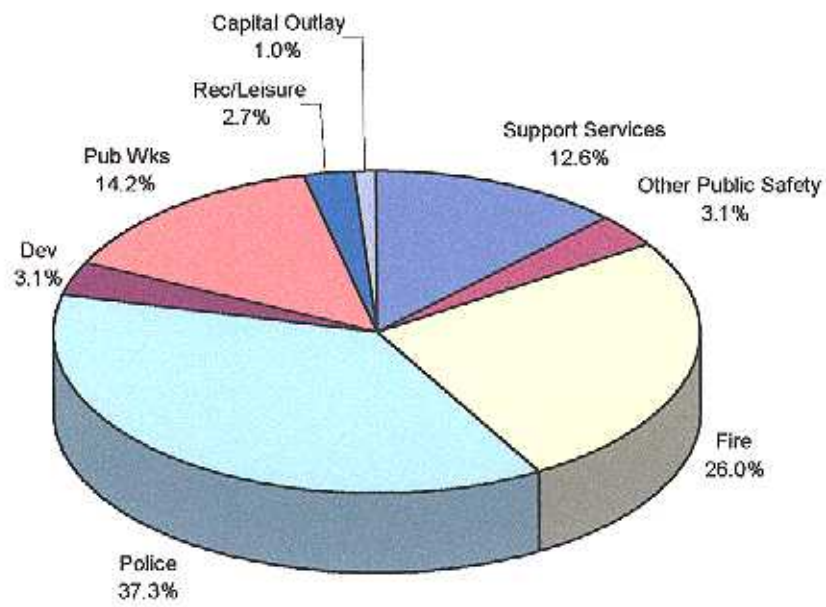
	<b>Page</b>
Graph – General Fund Revenues – Fiscal Year Ended September 30, 2004	130
Graph – General Fund Expenditures – Fiscal Year Ended September 30, 2004	131
Graph – General Fund Expenditures – Last Ten Fiscal Years	132
Graph – Property/Sales Tax Receipts Per Capita	133
General Fund Revenues – Last Ten Fiscal Years	134
General Fund Expenditures – Last Ten Fiscal Years	136
Sales Tax Revenues – Last Ten Fiscal Years	138
Tax Levy and Tax Collections – Last Ten Fiscal Years	139
Certified Assessed Values and Estimated Value of All Net Taxable Property Last Ten Fiscal Years	140
Net Taxable Assessed Valuations by Category – Last Five Fiscal Years	141
Property Values and New Construction – Last Ten Calendar Years	143
Tax Rate and Tax Levy – Last Ten Fiscal Years	145
Property Tax Rates – Direct and All Overlapping Governments – Last Ten Fiscal Years	147
Ten Largest Taxpayers – As of September 30, 2004	149
Ratio of Tax Supported Bonded Debt to Net Taxable Assessed Value and Bonded Debt per Capita – Last Ten Fiscal Years	150
Valuation and Debt Information for Fiscal Year Ending September 30, 2004	151
Computation of Legal Debt Margin	154
Net Direct and Overlapping Bonded Debt Payable from Property Taxes – As of September 30, 2004	155
Ratio of Annual Debt Service for General Obligation Bonded Debt to Total General Expenditures, Excluding Nonoperating Transfers – Last Ten Fiscal Years	156
Park Venue Sales Tax Revenue Bonds – Coverage of Maximum Annual Debt Service – Last Ten Fiscal Years	157
Revenue Bond Coverage – Water and Wastewater Bonds – Last Ten Fiscal Years	158
Authorized But Unissued General Obligation Bonds – As of September 30, 2004	159
Authorized But Unissued Revenue Bonds – As of September 30, 2004	160
Water and Wastewater Contracts – Components of Payments Made Under Selected Contracts – Last Ten Fiscal Years	161
Demographic Statistics - Last Ten Fiscal Years	163
Miscellaneous Statistics	164



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# CITY OF GRAND PRAIRIE, TEXAS GENERAL FUND EXPENDITURES

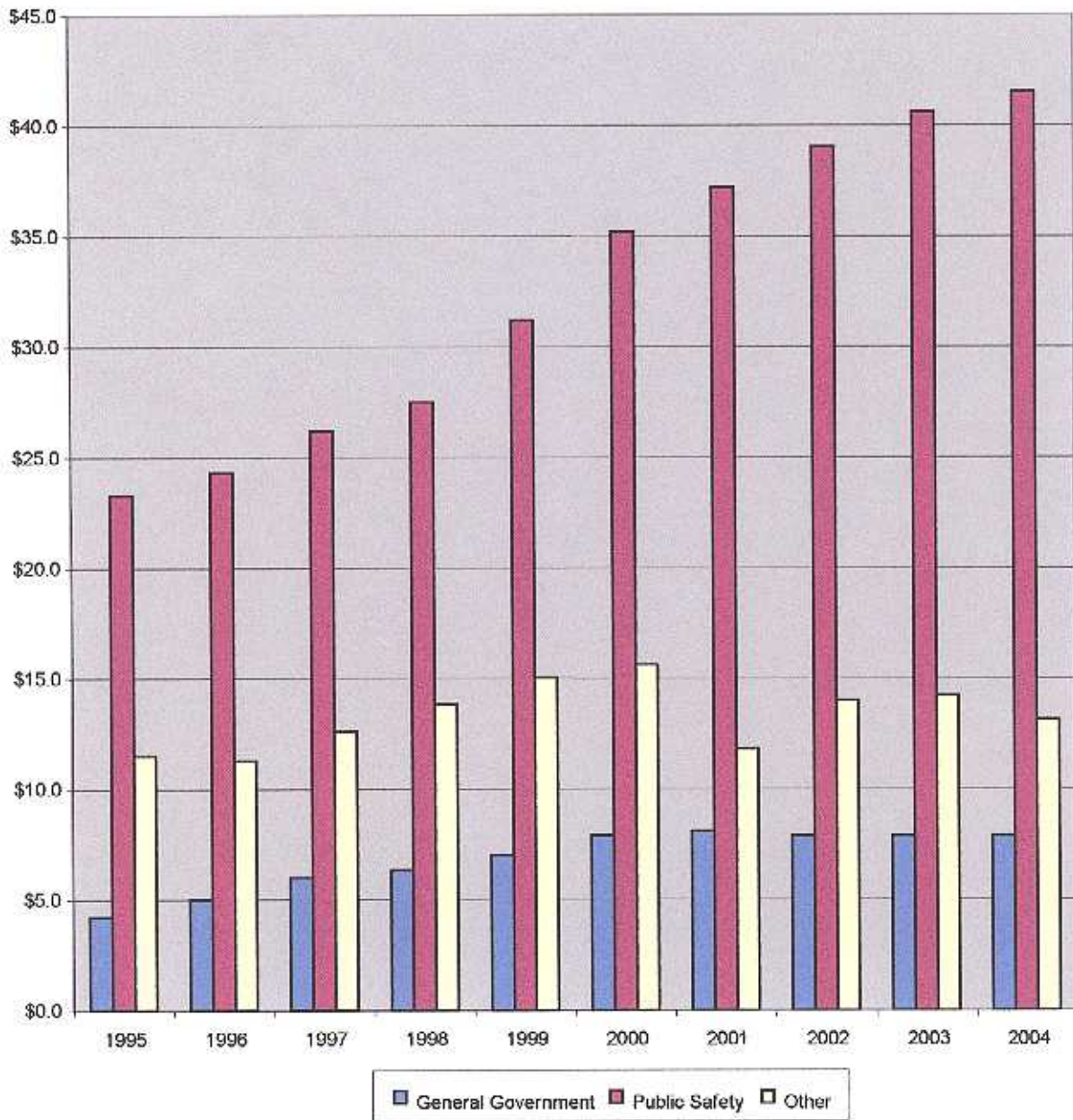
Fiscal Year Ended 9/30/2004



■ Support Services ■ Other Public Safety ■ Fire ■ Police ■ Dev ■ Pub Wks ■ Rec/Leisure ■ Capital Outlay

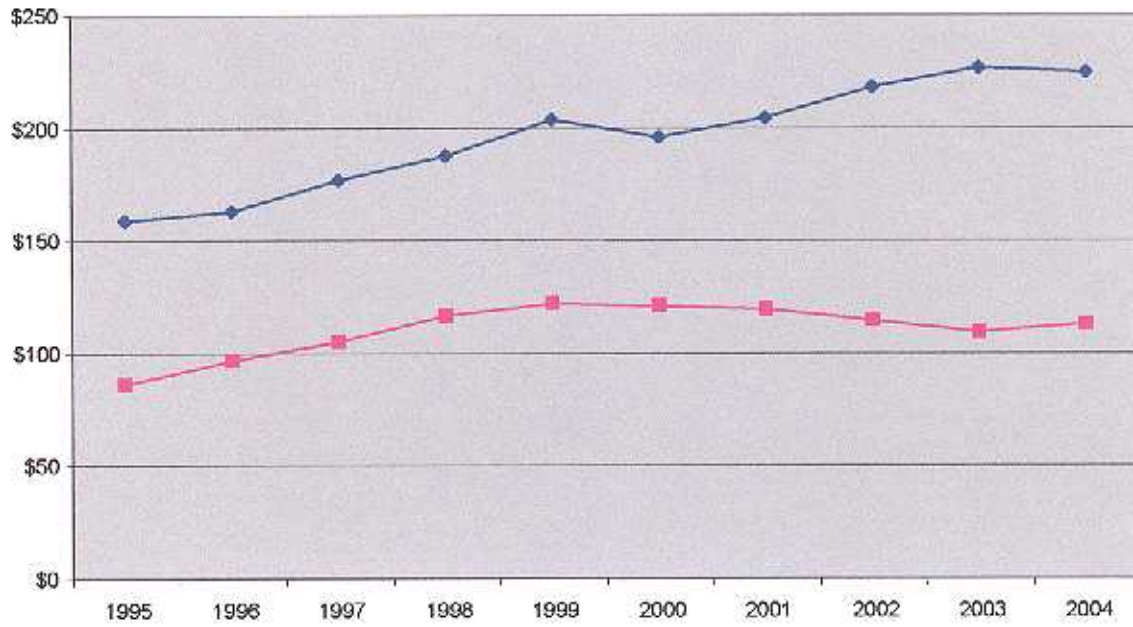
# CITY OF GRAND PRAIRIE, TEXAS GENERAL FUND EXPENDITURES

Last Ten Fiscal Years



CITY OF GRAND PRAIRIE, TEXAS  
PROPERTY/SALES TAX RECEIPTS PER CAPITA

Fiscal Year Ended 9/30/2004



Property Taxes Sales Tax



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**CITY OF GRAND PRAIRIE  
GENERAL FUND REVENUES  
LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>Property Taxes</i>	<i>Sales Taxes</i>	<i>Franchise Fees (1)</i>	<i>Licenses and Permits</i>	<i>Charges for Services</i>
1995	\$ 17,305,176	9,406,717	7,137,162	768,603	1,436,143
% Total	41.7	22.7	17.2	1.9	3.4
1996	17,779,873	10,573,226	7,517,174	834,197	1,572,747
% Total	40.4	24.0	17.1	1.9	3.6
1997	19,776,500	11,770,727	7,728,166	909,118	1,982,066
% Total	41.4	24.6	16.2	1.9	4.1
1998	21,338,417	13,234,130	8,063,586	1,091,403	2,435,337
% Total	40.6	25.2	15.4	2.1	4.6
1999	23,452,808	14,069,398	8,540,309	1,186,051	2,378,201
% Total	41.8	25.1	15.2	2.1	4.3
2000	24,961,634	15,418,460	8,571,269	1,231,789	2,530,943
% Total	41.9	25.9	14.4	2.1	4.2
2001	26,970,103	15,782,574	9,107,865	1,143,563	3,099,831
% Total	42.3	24.8	14.3	1.8	4.9
2002	29,311,787	15,386,738	8,890,397	1,101,340	4,126,476
% Total	43.7	23.0	13.3	1.6	6.2
2003	31,228,922	15,040,615	9,400,450	1,393,981	3,937,049
% Total	45.6	20.7	12.9	1.9	5.4
2004	31,790,741	15,980,008	10,098,744	2,165,298	4,411,886
% Total	43.7	22.0	13.9	3.0	6.1

(1) Franchise Fees from Enterprise Funds included along with externally generated franchise fees.

(2) The city implemented GASB 31 for fiscal year 1998 and the revenues represent both interest and unrealized gain or loss on investments.

<i><b>Fines &amp; Forfeitures</b></i>	<i><b>General &amp; Administrative</b></i>	<i><b>Investment Income</b></i>	<i><b>Other Revenues</b></i>	<i><b>Total</b></i>
2,190,590 5.3	1,872,175 4.5	700,000 1.7	700,907 1.6	\$ 41,517,473 100
2,622,433 6.0	1,783,453 4.0	650,000 1.5	678,765 1.5	44,011,868 100
2,442,084 5.1	1,784,799 3.7	597,749 1.3	812,806 1.7	47,804,015 100
2,809,744 5.4	1,740,049 3.3	823,057 (3) 1.6	964,361 1.8	52,500,084 100
3,155,458 5.6	1,537,104 2.7	891,822 1.6	889,579 1.6	56,100,730 100
3,140,530 5.3	1,507,459 2.5	1,273,491 2.1	946,660 1.6	59,582,235 100
3,552,196 5.6	1,654,744 2.6	1,321,142 2.1	1,060,684 1.6	63,692,702 100
4,197,442 5.8	1,738,614 2.4	805,719 1.1	1,482,766 2.1	67,041,279 100
4,324,433 5.9	1,855,938 2.6	587,414 0.8	846,131 1.2	68,114,934 100
4,823,234 6.6	2,079,333 2.9	273,884 0.4	1,139,468 1.6	72,762,597 100



**CITY OF GRAND PRAIRIE, TEXAS  
GENERAL FUND EXPENDITURES  
LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>Support Services</i>	<i>Public Safety Services</i>			
		<i>Police</i>	<i>Fire</i>	<i>Other</i>	<i>Total</i>
1995	\$ 4,178,098	13,593,139	8,061,980	1,658,539	23,313,658
% Total	10.7	34.9	20.7	4.2	59.8
1996	4,983,913	14,402,128	8,225,056	1,805,534	24,432,718
% Total	12.3	35.4	20.2	4.4	60.0
1997	5,955,957	15,253,845	8,952,257	1,953,514	26,159,616
% Total	13.3	34.1	20.0	4.4	58.5
1998	6,277,433	16,153,050	9,179,133	2,133,119	27,465,302
% Total	13.2	34.0	19.3	4.5	57.8
1999	6,917,991	18,462,723	10,225,716	2,464,342	31,152,781
% Total	13.0	34.8	19.3	4.7	58.8
2000	7,917,076	19,531,745	12,568,867	3,084,315	35,184,927
% Total	13.5	33.3	21.4	5.3	59.9
2001	8,087,794	19,983,687	14,062,248	3,163,208	37,209,143
% Total	14.2	35.0	24.7	5.5	65.2
2002	7,929,916	20,973,291	14,933,141	3,116,756	39,023,188
% Total	13.0	34.4	24.5	5.1	64.0
2003	7,859,219	21,621,763	15,949,012	2,998,892	40,569,667
% Total	12.6	34.5	25.5	4.8	64.8
2004	7,872,019	23,334,362	16,235,582	1,953,578	41,523,522
% Total	12.6	37.3	25.9	3.1	66.3

(1) Parks and Recreation Department was transferred from General Fund to Parks Venue Fund, a Special Revenue Fund, in 2001 as a result of voters' approval of a 1/4 cent sales tax levied on April 1, 2000, for improvements to the Parks and Recreation System.

(2) Prior to 2003, capital outlays from the General Fund were allocated within this schedule.

**Development Services and Other**

<b>Public Works</b>	<b>Comm &amp; Econ Development</b>	<b>Total</b>	<b>Recreation &amp; Leisure Svcs. (1)</b>	<b>Capital Outlay (2)</b>	<b>Grand Total</b>
5,196,735 13.3	1,769,995 4.6	6,966,730 17.9	4,527,984 11.6		\$ 38,986,470 100.0
5,532,324 13.6	1,757,526 4.3	7,289,850 17.9	3,973,632 9.8		40,680,113 100.0
5,822,141 13.0	1,944,831 4.3	7,766,972 17.3	4,882,758 10.9		44,765,303 100.0
6,327,026 13.3	2,135,393 4.5	8,462,419 17.8	5,345,628 11.2		47,550,782 100.0
6,837,126 12.9	2,306,145 4.3	9,143,271 17.2	5,839,611 11.0		53,053,654 100.0
7,204,898 12.3	2,596,655 4.4	9,801,553 16.7	5,806,753 9.9		58,710,309 100.0
7,517,144 13.1	2,824,123 5.0	10,341,267 18.1	1,409,224 2.5		57,047,428 100.0
9,409,259 15.4	2,904,591 4.8	12,313,850 20.2	1,740,385 2.9		61,007,339 100.0
9,521,625 15.2	2,249,191 3.6	11,770,786 18.8	1,631,296 2.6	778,316 1.2	62,609,284 100.1
8,879,786 14.2	1,955,488 3.1	10,835,274 17.3	1,681,848 2.7	618,062 1.0	62,530,725 100.0

**CITY OF GRAND PRAIRIE, TEXAS  
SALES TAX REVENUES  
LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>General Fund</i>	<i>Percent of Property Tax Levy</i>	<i>Equivalent of Property Tax Rate</i>	<i>Street Maintenance Fund (1)</i>	<i>Park Venue Fund (2)</i>	<i>Sports Corporation</i>	<i>Grand Total</i>
1995	\$ 9,406,717	37.26%	0.259			4,703,359	\$ 14,110,076
1996	10,573,226	39.70%	0.276			5,286,613	15,859,839
1997	11,770,727	42.22%	0.293			5,885,363	17,656,090
1998	13,234,130	44.06%	0.300			6,617,066	19,851,196
1999	14,069,398	43.05%	0.293			7,034,699	21,104,097
2000	15,418,460	44.34%	0.299		1,920,188	7,709,230	25,047,878
2001	15,782,574	41.88%	0.281		3,945,644	7,891,287	27,619,505
2002	15,386,738	37.40%	0.251	1,920,103	3,846,684	7,693,369	28,846,894
2003	15,040,615	35.19%	0.236	3,760,154	3,760,154	7,520,309	30,081,232
2004	15,980,008	35.09%	0.235	3,995,002	3,995,002	7,990,003	31,960,015

(1) Effective April 1, 2000, Grand Prairie voters approved a one-quarter cent sales and use tax for the benefit of the Park Venue Fund, which is included in the Special Revenue Fund group.

(2) Effective April 1, 2002, Grand Prairie voters approved a one-quarter cent sales and use tax for street maintenance. Street maintenance sales tax revenue is included in the Street Maintenance Fund, a Special Revenue Fund group.

**CITY OF GRAND PRAIRIE, TEXAS  
TAX LEVY AND TAX COLLECTIONS  
LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>Tax Levy</i>	<i>Current Year Tax Collections</i>	<i>Percent of Current Collections</i>	<i>Prior Years Tax Collections</i>	<i>Total Collections</i>	<i>Percent of Total Collections to Tax Levy</i>
1995	\$ 25,246,083	\$24,637,088	97.59%	307,132	\$ 24,944,220	98.80 %
1996	26,630,148	25,957,046	97.47%	342,415	26,299,461	98.76 %
1997	27,875,982	27,488,506	98.61%	372,119	27,860,625	99.94 %
1998	30,032,628	29,523,625	98.31%	405,477	29,929,102	99.66 %
1999	32,677,613	32,002,909	97.93%	452,220	32,455,129	99.32 %
2000	34,771,480	33,923,383	97.56%	507,905	34,431,288	99.02 %
2001	37,683,270	36,942,345	98.03%	483,911	37,426,256	99.32 %
2002	41,144,103	39,869,884	96.90%	455,763	40,325,647	98.01 %
2003	44,368,289	42,884,922	96.66%	452,343	43,337,265	97.68 %
2004	45,542,522	44,477,618	97.66%	700,297	45,177,915 (1)	99.20 %

(1) Reconciliation to Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance:

Current year collections	\$ 44,477,618
Prior year collections	813,036
Refunds from prior year collections	(112,739)
Total collections	<u>45,177,915</u>
Accrued revenue	(326,452)
City TIF contribution	(709,720)
Penalty and interest	561,070
Total property tax revenue to General Fund and Debt Service Fund	<u>\$ 44,702,813</u>

**CITY OF GRAND PRAIRIE, TEXAS  
 CERTIFIED ASSESSED VALUES AND ESTIMATED VALUE OF ALL NET TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>Assessment As Percent of Appraised Value</i>	<i>Real Property</i>		<i>Personal Property</i>		<i>Net Taxable Assessed Valuation (2)</i>
		<i>Amount</i>	<i>Percent of Total</i>	<i>Amount</i>	<i>Percent of Total</i>	
1996	100%	\$ 2,711,471,586	70.83%	1,116,904,802	29.17%	\$ 3,828,376,388
1997	100%	2,836,518,438	70.78%	1,170,960,267	29.22%	4,007,478,705
1998	100%	3,062,590,367	69.34%	1,353,985,512	30.66%	4,416,575,879
1999	100%	3,375,165,350	70.23%	1,430,381,586	29.77%	4,805,546,936
2000	100%	3,688,325,806	71.60%	1,463,019,770	28.40%	5,151,345,576
2001	100%	4,179,180,472	74.30%	1,445,205,041	25.70%	5,624,385,513
2002	100%	4,577,441,553	74.54%	1,563,487,675	25.46%	6,140,929,228
2003	100%	5,061,260,843	76.42%	1,561,613,274	23.58%	6,622,874,117
2004	100%	5,272,238,412	77.56%	1,525,173,284	22.44%	6,797,411,696
2005	(1) 100%	5,620,982,623	79.17%	1,478,729,925	20.83%	7,099,712,548

(1) 2005 valuation information is the basis for fiscal year ending September 30, 2005 tax rate and tax levy and is presented for comparative purpose.

(2) Net taxable assessed values include values under protest as claimed by property owners or estimated by Appraisal District in event property owner's claim is upheld.



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**CITY OF GRAND PRAIRIE, TEXAS  
NET TAXABLE ASSESSED VALUATIONS BY CATEGORY  
LAST FIVE FISCAL YEARS**

<u>Category</u>	<u>9/30/2005</u>		<u>9/30/2004</u>		<u>9/30/2003</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Real, Residential Single Family	\$ 3,540,979,610	43.59	\$ 3,253,541,620	40.05	2,900,500,940	37.70
Real, Residential Multi-family	490,686,590	6.04	465,925,570	5.73	464,847,500	6.04
Real, Vacant Platted Lots/Tracts	201,665,450	2.48	208,673,670	2.57	175,817,200	2.29
Real, Acreage (land only)	111,299,940	1.37	71,294,680	0.88	64,862,490	0.84
Real, Farm & Ranch Improvements	0	0.00	1,692,540	0.02	2,510,530	0.03
Real Commercial & Industrial	1,611,248,180	19.83	1,577,451,410	19.42	1,593,355,870	20.71
Real & Tangible Personal, Utilities	140,164,980	1.73	127,044,780	1.56	132,294,130	1.72
Tangible Personal, Business	1,346,401,310	16.57	1,531,142,930	18.85	1,653,508,500	21.49
Tangible Personal, Other	15,270,320	0.19	13,086,110	0.16	41,071,180	0.53
Special Inventory	26,517,020	0.33	26,753,190	0.33		0.00
Certified values in dispute	208,878,683	2.57	81,309,690	1.00	154,793,541	2.01
Non-taxable property	431,168,410	5.31	335,764,570	4.13	300,776,570	3.91
<b>TOTALS</b>	<b>8,124,280,493</b>	<b>100.00</b>	<b>7,693,680,760</b>	<b>94.70</b>	<b>7,484,338,451</b>	<b>97.28</b>
Less exemptions:						
Over 65 and disabled	209,230,592		202,991,952		131,384,991	
Disabled veterans	5,635,974		5,092,188		4,716,636	
Agriculture/open space land	71,027,225		52,615,560		47,163,754	
Non-taxable property	431,168,410		335,764,570		300,776,570	
Abatement	83,454,592		63,887,324		66,588,696	
Freeport	196,688,974		202,136,046		257,182,101	
Pollution control	3,595,944		3,672,346		3,371,568	
Under 500	62,920		96,830			
Capped value loss	23,703,314		30,012,248		50,280,018	
<b>Net taxable assessed value</b>	<b>\$ 7,099,712,548</b>		<b>\$ 6,797,411,696</b>		<b>6,622,874,117</b>	

<u>Category</u>	<u>9/30/2002</u>		<u>9/30/2001</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Real, Residential Single Family	\$ 2,604,352,980	38.02	\$ 2,350,303,130	37.10
Real, Residential Multi-family	437,945,410	6.39	397,517,670	6.28
Real, Vacant Platted Lots/Tracts	172,799,650	2.52	189,367,790	2.99
Real, Acreage (land only)	66,772,030	0.98	66,818,290	1.05
Real, Farm & Ranch Improvements	1,499,910	0.02	2,466,680	0.04
Real Commercial & Industrial	1,542,202,310	22.51	1,394,665,620	22.02
Real & Tangible Personal, Utilities	130,494,200	1.91	94,090,890	1.49
Tangible Personal, Business	1,553,555,900	22.68	1,536,850,950	24.26
Tangible Personal, Other	13,448,490	0.20	14,884,440	0.23
Special Inventory		0.00		0.00
Certified values in dispute	106,373,579	1.55	65,465,790	1.03
Non-taxable property	<u>220,579,240</u>	<u>3.22</u>	<u>221,900,900</u>	<u>3.50</u>
<b>TOTALS</b>	<b>6,850,023,699</b>	<b>100.00</b>	<b>\$6,334,332,150</b>	<b>100.00</b>
Less exemptions:				
Over 65 and disabled	133,994,532		\$131,745,463	
Disabled veterans	4,887,357		\$4,678,079	
Agriculture/open space land	50,868,105		\$54,190,226	
Non-taxable property	220,579,240		\$221,900,900	
Abatement	68,251,131		\$66,955,376	
Freeport	209,851,920		\$212,788,670	
Pollution control	3,726,759		\$4,022,621	
Under 500			\$0	
Capped value loss	<u>16,935,427</u>		<u>\$13,665,302</u>	
Net taxable assessed value	<u>\$ 6,140,929,228</u>		<u>\$ 5,624,385,513</u>	



**CITY OF GRAND PRAIRIE, TEXAS  
PROPERTY VALUES AND NEW CONSTRUCTION  
LAST TEN CALENDAR YEARS**

<b>Calendar Year Ended 12/30</b>	<b><u>New Commercial &amp; Industrial Construction</u></b>		<b><u>New Residential and Multi-Family Construction</u></b>		<b><u>New and Remodel Building</u></b>
	<b><u>Number of Units</u></b>	<b><u>Value</u></b>	<b><u>Number of Units</u></b>	<b><u>Value</u></b>	<b><u>Total Value</u></b>
1995	335	\$ 66,852,749	424	64,117,646	\$ 148,320,961
1996	335	140,985,062	493	52,141,227	229,644,292
1997	413	50,737,234	583	79,121,086	152,805,269
1998	410	76,481,000	2,192	171,460,908	281,104,386
1999	441	105,932,578	914	130,653,652	274,789,301
2000	515	144,120,534	1,379	148,263,645	358,185,550
2001	451	82,044,626	1,288	132,898,795	270,650,733
2002	400	39,540,350	1,293	164,720,098	236,064,248
2003	417	83,735,867	1,781	276,474,205	360,210,072
2004	472	14,339,630	2,165	342,376,068	360,210,072

Sources of Information: City of Grand Prairie Building Inspections Department

**Property Value**

<b>Property Value</b>		<b>Exemptions and Nontaxable</b>
<b>Commercial</b>	<b>Residential</b>	
\$ 2,174,532,780	1,751,091,327	\$ 296,222,210
2,443,391,168	1,838,722,495	453,737,275
2,605,716,467	1,928,701,152	526,938,914
3,058,941,599	1,958,227,426	600,593,146
3,363,366,506	2,080,427,937	638,247,507
3,643,452,792	2,203,704,922	695,812,138
3,845,366,055	2,488,966,095	709,946,637
3,807,725,309	3,042,298,390	709,094,471
4,118,990,011	3,365,348,440	861,464,334
3,974,213,570	3,719,467,190	896,269,064

**CITY OF GRAND PRAIRIE, TEXAS  
 TAX RATE AND TAX LEVY  
 LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>General Fund</i>		<i>Debt Service Fund</i>		<i>Total</i>	
	<i>Tax Rate</i>	<i>Tax Levy</i>	<i>Tax Rate</i>	<i>Tax Levy</i>	<i>Tax Rate</i>	<i>Tax Levy</i>
1996	0.471981	\$ 18,069,209	0.223618	\$ 8,560,939	0.695599	\$ 26,630,148
1997	0.483831	19,389,435	0.211768	8,486,537	0.695599	27,875,972
1998	0.472620	20,873,621	0.207378	9,159,007	0.679998	30,032,628
1999	0.481514	23,139,168	0.198484	9,538,455	0.679998	32,677,623
2000	0.479381	24,694,572	0.195617	10,076,908	0.674998	34,771,480
2001	0.474381	26,681,016	0.195617	11,002,254	0.669998	37,683,270
2002	0.474711	29,151,667	0.195287	11,992,436	0.669998	41,144,103
2003	0.474711	31,436,086	0.195287	12,932,203	0.669998	44,368,289
2004	0.474711	32,268,061	0.195287	13,274,461	0.669998	45,542,522
2005	0.474711	33,703,116	0.195287	13,864,816	0.669998	47,567,932

Tax Lien and Assessment Date: January 1 each year  
 Taxes due: October 1 of the same year  
 Taxes delinquent: February 1 of the following year



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**CITY OF GRAND PRAIRIE, TEXAS  
PROPERTY TAX RATES - DIRECT AND ALL OVERLAPPING GOVERNMENTS  
(PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS**

<b><i>Taxing Jurisdiction</i></b>	<b><i>2004</i></b>	<b><i>2003</i></b>	<b><i>2002</i></b>	<b><i>2001</i></b>
City of Grand Prairie	0.669998	0.669998	0.669998	0.669998
Grand Prairie ISD	1.751100	1.727100	1.667100	1.667100
Arlington ISD	1.755000	1.735000	1.740500	1.654400
Cedar Hill ISD	1.741300	1.701600	1.680000	1.630000
Irving ISD	1.837000	1.815000	1.770600	1.695000
Mansfield ISD	1.717000	1.682000	1.682000	1.671400
Midlothian ISD	1.764500	1.720000	1.720000	1.720000
Dallas County	0.203900	0.203900	0.196000	0.196000
Dallas County Community College District	0.080300	0.778000	0.060000	0.060000
Dallas County Hospital District	0.254000	0.254000	0.254000	0.254000
Dallas County Flood Control District	2.060000	2.080000	3.284940	3.284940
Grand Prairie Met Utl & Reclam Dist.	2.450000	3.870000	3.710000	3.130000
Ellis County	0.315993	0.310200	0.310170	0.302018
Johnson County	0.382088	0.357300	0.455000	0.447350
Tarrant County	0.272500	0.272500	0.272500	0.274785
Tarrant County Hospital District	0.235397	0.235400	0.232400	0.234070
Tarrant County Junior College District	0.139380	0.139400	0.139380	0.106410
Tarrant County ROW	0.000000	0.000000	0.000000	0.000000

Totals are not provided for columns since they would be meaningless.  
Some of the jurisdictions are mutually exclusive.

<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>
0.669998	0.674998	0.679998	0.695599	0.695599	0.695599
1.608100	1.507700	1.507800	1.467800	1.467800	1.470000
1.624400	1.593500	1.496200	1.349600	1.349600	1.361560
1.600000	1.779000	1.750000	1.750000	1.750000	1.630000
1.695000	1.678400	1.678400	1.663400	1.638600	1.596000
1.687000	1.712000	1.722000	1.590000	1.477000	1.477820
1.709701	1.659900	1.640000	1.700000	1.700000	1.720000
0.196000	0.201000	0.197200	0.216400	0.216400	0.202400
0.050000	0.050000	0.050000	0.052060	0.052060	0.052060
0.254000	0.196000	0.179900	0.194090	0.199600	0.199590
2.874876	1.918800	1.963400	1.963400	1.990000	2.990000
1.520000	2.080000	0.600000	N/A	N/A	N/A
0.365194	0.253100	1.640000	0.299800	0.253100	0.299760
0.341310	0.337500	0.441900	0.441600	0.420100	0.354500
0.274785	0.264800	0.264800	0.264800	0.266600	0.271870
0.234070	0.234100	0.234100	0.234100	0.239800	0.244640
0.106410	0.106400	0.106400	0.057700	0.055500	0.056510
0.000000	0.000000	0.000000	0.000000	0.000000	0.000000

**CITY OF GRAND PRAIRIE, TEXAS  
 TEN LARGEST TAXPAYERS  
 AS OF SEPTEMBER 30, 2004**

<i>Name of Taxpayer</i>	<i>Nature of Business</i>	<i>2004/2005 Taxable Assessed Valuation</i>	<i>% of Total Taxable Assessed Value</i>
1. Vought/Lockheed Martin	Defense Industry	\$ 90,257,637	1.27%
2. Bell Helicopter-Textron	Helicopter Transmissions	75,756,680	1.07%
3. Texas Utilities Electric Co.	Electric Utility	64,308,270	0.91%
4. Southwestern Bell/Cingular	Telephone Utility	63,708,730	0.90%
5. Republic Beverage	Beverage Distribution	46,627,725	0.66%
6. Prologis Macouarie TX	Real Estate	42,627,725	0.60%
7. Catellus Dev/Comm Group LLC	Real Estate	35,241,698	0.50%
8. Towns of Riverside Apt LP	Real Estate	29,618,630	0.42%
9. Walmart Stores	Retail	28,529,570	0.40%
10. OTR	Business Park	<u>26,424,820</u>	0.37%
		<u>\$ 503,101,485</u>	7.09%

**CITY OF GRAND PRAIRIE, TEXAS  
RATIO OF TAX SUPPORTED BONDED DEBT TO NET TAXABLE ASSESSED VALUE  
AND BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>Estimated Population (1)</i>	<i>Net Taxable Assessed Value</i>	<i>Tax Supported Net Bonded Debt (2)</i>	<i>Ratio of Net Bonded Debt to Assessed Value</i>	<i>Net Bonded Debt Per Capita</i>
1995	108,980	\$ 3,629,401,897	\$ 61,447,775	1.69%	564
1996	109,118	3,828,376,388	57,572,213	1.50%	527
1997	111,811	4,007,478,705	57,858,686	1.44%	517
1998	113,646	4,416,575,879	56,467,386	1.27%	497
1999	115,150	4,805,547,636	65,509,469	1.36%	569
2000	127,427	5,151,345,576	74,633,147	1.45%	586
2001	132,000	5,624,385,513	77,906,853	1.39%	590
2002	134,450	6,140,929,228	89,876,621	1.46%	668
2003	137,872	6,622,874,117	94,977,982	1.43%	689
2004	141,450	6,797,411,696	121,463,825	1.79%	859

(1) Year 2003, 2002, and 2000 estimates from North Texas Central Council of Governments and official census count.

(2) Tax Supported Net Bonded Debt excludes general obligation bonds, certificates of obligation bonds, revenue bonds, and lines of credit issued for water and wastewater, airport, golf course, solid waste, park venue, and TIFs.



**CITY OF GRAND PRAIRIE, TEXAS  
VALUATION AND DEBT INFORMATION  
FISCAL YEAR ENDING SEPTEMBER 30, 2004**

Market Evaluation Established by Dallas Central Appraisal District		\$ 7,693,680,760
Less Non-Taxable Property and Exemptions (2)		
Over 65 and Disabled	\$ 202,991,952	
Disabled Veterans	5,092,188	
Agriculture/Open Space Land	52,615,560	
Non-taxable Property	335,764,570	
Tax Abatement	63,887,324	
Freeport	202,136,046	
Pollution Control	3,672,346	
Under 500	96,830	
Capped Value Loss	30,012,248	
	<hr/>	896,269,064
Assessed Valuation used to prepare tax rate for Fiscal Year Ending September 30, 2004		<hr/> <hr/> \$ 6,797,411,696
 General Obligation Debt Payable from Property Taxes: (5)		
<u>Governmental Type Activities</u>		
General Obligation Bonds	\$ 69,613,825	
Certificates of Obligation	69,758,000	
Sales Tax Revenue Bonds	31,325,000	
Subtotal	<hr/>	170,696,825
 <u>Business Type Activities (4)</u>		
General Obligation Bonds	5,500,185	
Certificates of Obligation	6,192,000	
Subtotal	<hr/>	11,692,185
 Total General Obligation Debt		\$ 182,389,010
 Less Self-Supporting General Obligation Debt:		
Park Venue Sales Tax Revenue Bonds (3)		31,325,000
TIF Certificates of Obligation Bonds (6)		26,325,000
Business Type General Obligation Bonds (Refundings) -		
Water and Wastewater	102,402	
Solid Waste	637,783	
Municipal Airport	415,000	
	<hr/>	1,155,185
Business Type Certificates of Obligation Bonds -		
Municipal Airport		2,120,000
Subtotal		<hr/> 60,925,185
Net General Obligation Debt Payable from Property Taxes		<hr/> <hr/> \$ 121,463,825
 Ratio Net General Obligation Debt Payable from Property Taxes to Taxable Assessed Valuation (1)		<hr/> <hr/> 1.79%

- (1) The appraisal of property within the city is the responsibility of the appraisal district for Dallas County. The appraisal district is required under the property tax code to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying any assessment ratios. The value placed upon property within the appraisal district is subject to review by the appraisal review board, consisting of forty-five members appointed by the Board of Directors of the appraisal district. The appraisal district is required to review the value of property within the appraisal district every three years. The city may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the city by petition filed with the appraisal review board.
- (2) Homestead property tax exemptions:
  - a) Pursuant to authority permitted by Section 1-B, Article VIII, of the State constitution, the city has granted:
    - i. an exemption of \$45,000 of assessed valuation to the residence homestead of property owners of 65 years of age and
    - ii. an exemption of \$30,000 of assessed valuation to the residence homestead of disabled property owners.

A disabled individual who is 65 years of age or older may not receive both exemptions in one year, but may choose either.
  - b) The legislature, pursuant to a constitutional amendment and Article 7150H, VATCS, mandated an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces. The exemption from taxation applies to either real or personal property with the amount of assessed valuation exempted ranging from \$1,500 to \$3,000 dependent upon the amount of disability or whether the exemption is applicable to a surviving spouse or children.
  - c) Pursuant to authority permitted by Section 11.261 of the Property Tax Code, the City in 2004 adopted an ordinance providing that the total amount of ad valorem taxes imposed on the homestead of a person who is disabled or is 65 years of age or older that receives a residence homestead exemption may not be increased, except as provided by Section 11.261(c) of the Property Tax Code, while it remains the residence homestead of that person or that person's surviving spouse who is disabled or 55 years of age or older and receives a residence homestead exemption on the homestead.
  - d) A constitutional amendment concerning homestead property exemptions was submitted to, and adopted by, the voters of the State of Texas on November 3, 1981. Such amendment provides local governments the option of granting homestead exemptions up to 20% of market value. Minimum exemption is \$5,000. The amendment further provides that taxes may continue to be levied against the value of the homestead exempted where property taxes have been previously pledged for the payment of debt, if cessation of the levy would impair the obligation of the contract by which the debt was created. The City Council has not acted to grant this exemption.
- (3) Sales Tax Revenue Bonds consist of bonds issued in 2000, 2001, and 2002 to finance improvements to the City's parks and recreation system. The bonds are secured by a ¼ cent sales tax approved by the voters in November 1999. The sales tax was implemented in April 2000.
- (4) The above statement of indebtedness does not include water and wastewater system revenue bonds as such bonds are payable solely from and secured by a pledge of the net revenues of the water and wastewater system.

- (5) Accrued compensated absences and landfill accrued closure and post closure liability are excluded from the above statement of indebtedness.
- (6) TIF Certificates of Obligation Bonds consist of bonds issued in 2002 for the acquisition of NextStage performance hall, establishment of debt reserve fund related to NextStage, and certain improvements in the City's TIF Zones No. 1 and No. 2.

**CITY OF GRAND PRAIRIE, TEXAS  
COMPUTATION OF LEGAL DEBT MARGIN**

As a home rule city, the city of Grand Prairie is not limited by the law in the amount of debt it may issue. The city's charter (Article VII, Section I) states:

"In keeping with the Constitution of Texas, and not contrary thereto, the city of Grand Prairie shall have the right to issue all tax bonds, revenue bonds, funding and refunding bonds, time warrants and other evidence of indebtedness as now authorized or as may hereafter be authorized to be issued by Cities and Towns by the General Laws of the State of Texas."

Article II, Section 5, of the State of Texas Constitution states in part:

"... but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city," ... \$2.50 per \$100 assessed valuation for all city purposes.

The tax rate at October 1, 2004, is .669998 per \$100.00 with assessed valuation at 100% of assessed value.

**CITY OF GRAND PRAIRIE, TEXAS**  
**NET DIRECT AND OVERLAPPING BONDED DEBT PAYABLE FROM PROPERTY TAXES**  
**AS OF SEPTEMBER 30, 2004**

<b>Taxing Jurisdiction (2)</b>	<b>Total Funded Debt</b>	<b>Estimated % Applicable</b>	<b>Direct and Overlapping Funded Debt</b>
<b>Direct Bonded Debt</b>			
City of Grand Prairie	\$ 121,463,825 (1)	100.00%	\$ 121,463,825
<b>Overlapping Bonded Debt</b>			
Grand Prairie Independent School District	279,015,002	93.65%	261,297,549
Arlington Independent School District	512,539,110	15.54%	79,648,578
Cedar Hill Independent School District	106,590,891	0.33%	351,750
Irving Independent School District	405,664,313	0.51%	2,068,888
Mansfield Independent School District	412,537,733	0.03%	123,761
Midlothian Independent School District	103,100,373	0.26%	268,060
Dallas County	120,342,395	2.52%	3,032,628
Dallas County Community College District	110,500,000	2.52%	2,784,600
Dallas County Flood Control District	31,500,100	10.60%	3,339,011
Grand Prairie Metropolitan Utility & Reclamation District	11,764,602	100.00%	11,764,602
Ellis County	21,416,262	0.06%	12,850
Johnson County	25,318,185	0.02%	5,064
Tarrant County	175,615,000	3.97%	6,971,915
Tarrant County Hospital District	1,190,000	3.97%	47,243
Tarrant County Junior College District	71,895,000	3.97%	2,854,232
<b>Total Overlapping Bonded Debt</b>	<b>\$ 2,388,988,966</b>		<b>\$ 374,570,731</b>
<b>TOTAL</b>			<b>\$ 496,034,556</b>
Ratio Overlapping Bonded Debt to 2004 Taxable Assessed Valuation			7.30%
Per Capita Estimated Overlapping Bonded Debt			\$ 3,507

(1) Less self-supporting debt.

(2) Dallas County Hospital District did not have any reported Total Funded Debt as of September 30, 2004.

**CITY OF GRAND PRAIRIE, TEXAS  
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL  
OBLIGATION BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
EXCLUDING OTHER FINANCING USES  
LAST TEN FISCAL YEARS**

<i><b>Fiscal Year Ended 9/30</b></i>	<i><b>General Fund Expenditures</b></i>	<i><b>Debt Service</b></i>	<i><b>Total Expenditures Including Debt Service</b></i>	<i><b>Debt Service as Percent of Total Expenditures</b></i>
1995	\$ 38,986,470	\$ 8,459,993	\$ 47,446,463	17.83%
1996	40,680,113	8,647,924	49,328,037	17.53%
1997	44,765,303	8,647,528	53,412,831	16.19%
1998	47,550,782	9,136,810	56,687,592	16.12%
1999	53,053,654	9,564,182	62,617,836	15.27%
2000	58,710,309	10,528,418	69,238,727	15.21%
2001	57,047,428	11,581,038	68,628,466	16.87%
2002	61,007,340	11,625,144	72,632,484	16.01%
2003	62,609,284	12,119,676	74,728,960	16.22%
2004	62,530,725	12,514,038	75,044,763	16.68%

**CITY OF GRAND PRAIRIE, TEXAS  
 PARK VENUE SALES TAX REVENUE BONDS  
 COVERAGE OF MAXIMUM ANNUAL DEBT SERVICE  
 LAST TEN FISCAL YEARS (1)**

<i>Fiscal Year Ending</i>	<i>Sales Taxes Revenues</i>	<i>Maximum Annual Debt Service</i>	<i>Coverage of Maximum Annual Debt Service (2)</i>
2000	\$ 1,920,188	\$ 670,119	2.87
2001	3,945,644	2,053,888	1.92
2002	3,846,684	2,399,263	1.60
2003	3,760,154	2,399,263	1.57
2004	3,995,002	2,399,263	1.67

(1) The City's initial Park Venue Sales Tax Revenue Bonds were issued in fiscal year 2000.

(2) Bond covenants require a coverage of no less than 1.25. The City's financial policies require a coverage of no less than 1.50.

**CITY OF GRAND PRAIRIE, TEXAS  
REVENUE BOND COVERAGE  
WATER AND WASTEWATER BONDS  
LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>Revenue (1)</i>	<i>Expense (2)</i>	<i>Revenues Available For Debt Service</i>	<i>Debt Service Payments</i>			<i>Coverage (4)</i>
				<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
1995	\$ 22,982,379	\$ 17,275,604	\$ 5,706,775	\$ 2,381,144	\$ 1,840,471	\$ 4,221,615	1.35
1996	27,141,591	18,125,576	9,016,015	2,665,878	1,804,632	4,470,510	2.02
1997	27,304,484	18,438,057	8,866,427	2,845,850	1,546,267	4,392,117	2.02
1998	30,340,371	18,953,868	11,386,503	2,985,278	1,405,858	4,391,136	2.59
1999	30,932,103	19,523,937	11,408,166	2,973,286	1,402,830	4,376,116	2.61
2000	33,453,515	20,397,571	13,055,944	2,758,226	1,311,421	4,069,647	3.21
2001	34,224,480	21,124,415	13,100,065	3,299,666	1,252,427	4,552,093	2.88
2002 (3)	31,950,014	19,783,275	12,166,739	3,780,539	1,116,228	4,896,767	2.48
2003	34,561,157	21,804,379	12,756,778	2,862,022	1,075,100	3,937,122	3.24
2004	34,493,340	23,310,775	11,182,565	2,937,217	894,036	3,831,253	2.92

(1) Revenue includes operating and nonoperating revenues.

(2) Expense excludes depreciation expense.

(3) In 2002, franchise fees were excluded from operating expenses. If they had been included, the coverage ratio would have been 2.24. In all other years, franchise fees are included in operating expense.

(4) Bond covenants require coverage of no less than 1.25. The City financial policies require coverage of no less than 1.50.



**CITY OF GRAND PRAIRIE, TEXAS  
 AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS  
 AS OF SEPTEMBER 30, 2004**

<i>Purpose</i>	<i>Date Authorized</i>	<i>Amount Authorized</i>	<i>Amount Issued in 2004</i>	<i>Amount Issued Prior Years</i>	<i>Unissued Balance</i>
Streets/Signal	12/8/1990	\$ 24,000,000	\$	\$ 21,900,557	\$ 2,099,443
Storm Drainage	12/8/1990	12,500,000		11,966,229	533,771
Solid Waste	12/8/1990	180,000		75,000	105,000
Streets/Signal	11/6/2001	56,000,000	6,595,461	6,985,736	42,418,803
Storm Drainage	11/6/2001	8,200,000	1,962,787	2,294,434	3,942,779
Public Safety	11/6/2001	11,800,000	531,752	8,250,044	3,018,204
		<b>\$ 112,680,000</b>	<b>\$ 9,090,000</b>	<b>\$ 51,472,000</b>	<b>\$ 52,118,000</b>

**CITY OF GRAND PRAIRIE, TEXAS  
 AUTHORIZED BUT UNISSUED REVENUE BONDS  
 AS OF SEPTEMBER 30, 2004**

<i><b>Purpose</b></i>	<i><b>Date Authorized</b></i>	<i><b>Amount Authorized</b></i>	<i><b>Amount Issued in 2004</b></i>	<i><b>Amount Issued Prior Years</b></i>	<i><b>Unissued Balance</b></i>
Water System	12/8/1990	\$ 15,000,000	\$ 3,370,530	\$ 9,267,363	\$ 2,362,107
Wastewater System	12/8/1990	9,400,000	1,209,470	7,332,637	857,893
		<u>\$ 24,400,000</u>	<u>\$ 4,580,000</u>	<u>\$ 16,600,000</u>	<u>\$ 3,220,000</u>

**WATER AND WASTEWATER CONTRACTS  
 COMPONENTS OF PAYMENTS MADE UNDER SELECTED CONTRACTS  
 LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>Dallas Water Utilities</i>			<i>Trinity River Authority</i>		
	<i>Water Purchases</i>			<i>Wastewater Treatment</i>		
	<i>Volume</i>	<i>Demand</i>	<i>Total</i>	<i>O &amp; M</i>	<i>Debt Service</i>	<i>Total</i>
1995	\$ 1,526,951	\$ 2,267,469	\$ 3,794,420	\$ 2,324,424	\$ 3,535,752	\$ 5,860,176
1996	1,748,380	2,411,633	4,160,013	2,448,051	3,799,125	6,247,176
1997	1,697,465	2,481,049	4,178,514	2,159,175	3,859,998	6,019,173
1998	2,007,719	2,775,207	4,782,926	2,183,603	3,825,645	6,009,248
1999	1,869,023	2,970,373	4,839,396	1,806,972	3,809,336	5,616,308
2000	2,321,406	2,853,922	5,175,328	1,965,923	4,018,144	5,984,067
2001	2,208,970	3,247,573	5,456,543	2,234,410	3,403,837	5,638,247
2002	2,271,851	3,178,301	5,450,152	2,350,719	2,993,555	5,344,274
2003	1,993,884	3,382,202	5,376,086	2,325,760	2,989,560	5,315,320
2004	2,291,253	3,926,081	6,217,334	2,676,536	3,480,936	6,157,472

The City has contracted with city of Dallas for water purchases and the Trinity River Authority for wastewater treatment. The City's obligation for Dallas Water Utilities demand charges continues even if the City does not purchase water. Similarly, the obligation to TRA for Debt Service continues whether the City contributes to the wastewater flow or not. These contracts are explained in the Notes to Financial Statements under Contracts, Commitments, and Contingent Liabilities.

O & M means Operations & Maintenance.

**Trinity River Authority**

<b>Joe Pool</b>		<b>Joe Pool Lake</b>	
<b>Lake Intake</b>	<b>Core of Engineers</b>	<b>Debt Service</b>	
\$ 154,458	\$ 232,523	\$ 263,175	
163,181	401,138	239,663	
169,940	418,842	265,810	
161,769	419,105	252,548	
166,106	419,593	266,485	
172,285	418,141	254,485	
162,124	384,304	266,235	
163,768	380,965	259,665	
166,413	390,546	369,260	
166,413	390,546	369,260	

- (1) Debt retired in FY 2004 from reserve on hand at the Trinity River Authority. The final principal payment was \$275,000.

**CITY OF GRAND PRAIRIE, TEXAS  
 DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS**

<i>Year</i>	<i>Estimated Population</i>	<i>Household Effective Buying Income</i>	<i>Public School Enrollment</i>	<i>Unemployment Rate</i>
1995	108,980	\$ 43,895	17,917	4.8%
1996	109,118	39,274	18,474	3.9%
1997	111,811	41,174	18,808	3.9%
1998	113,646	43,686	19,205	2.8%
1999	115,150	44,753	19,524	3.3%
2000	127,427	47,084	20,246	3.5%
2001	132,000	50,019	20,926	4.0%
2002	134,450	51,786	21,391	6.1%
2003	137,872	43,100	21,904	7.0%
2004	141,450	42,571 *	22,496	5.7%

Sources of Information:

Estimated Population:

City of Grand Prairie and 2000 Census.

Household Effective Buying Income:

Sales and Marketing Management Magazine

Public School Enrollment:

Grand Prairie Independent School District

Unemployment Rate:

Texas Employment Commission

\* HEBI fell because base household income data was recalibrated in 2003.

**CITY OF GRAND PRAIRIE, TEXAS  
 MISCELLANEOUS STATISTICS  
 SEPTEMBER 30, 2004**

General

Grand Prairie was incorporated on March 9, 1909, and is governed by a Council-Manager form of government. Nine City Council members serve three-year terms. Six are elected from single member districts and three, including the Mayor, are elected at large. Grand Prairie, with an estimated population of 141,450, encompasses a land area of 81.4 square miles.

City Services

Miles of Streets:	504
Fire Protection:	9 stations 191 firemen, 9 volunteer firemen
Police Protection:	1 station, 1 substation, 1 public safety training complex, 1 gun range, 3 storefronts 199 policemen, 13 reserve policemen
Employees:	1,106 full-time; 262 seasonal/part-time
Active Water	
Customer Accounts:	36,437
Miles of Water Main:	780
Avg. Daily Water Consumption:	21.01 million gallons per day
Miles of Wastewater Main:	700
Avg. Daily Flow of Wastewater:	18.90 million gallons per day
Landfill:	1
Solid Waste Disposal:	154,960 tons
Airport:	1 with 4,000 foot runway
Acres of Park Land:	4,984

Demographics

Population:	141,450		
		62.0%	Caucasian
		13.5%	African American
		.8%	American Indian
		4.5%	Asia and Pacific Islander
		15.9%	Hispanic and Other
		3.3%	Two or More Races
Ages:			
		69.5%	18 years and older
		6.4%	Older than 64
		33.4%	Younger than 20
Median household			
Effective buying			
Income	\$42,571 (2004)		
Single Family Units	35,919		
Multi-Family Units	15,603		

## Cultural and Recreational Facilities

3	youth football fields
2	public libraries, 1 mobile library Main Library = 128,304 volumes Branch Library = 34,482 volumes
24	public tennis courts
2	public golf courses
4	public swimming pools (including one indoor pool)
24	public ball diamonds
52	public parks (4,984 acres)
1	senior center
2	public recreation centers
18	competitive soccer fields (10 lighted)
3.1	miles of paved recreation trails
2	lighted volleyball courts
8	horseshoe courts
3	historical structures
1	nature center
1	meeting/banquet center – Ruthe Jackson Center
1	aquatic activity center – Splash Factory
1	extreme skate/skateboard/bike park
1	overnight campground
1	lake-side day park
2	beaches

The City, YMCA, and various youth organizations provide year-round sports leagues, recreational activities, and special events for all ages, attracting visitors from across the country to our parks and recreation facilities. The city's newest parks, three recently acquired from the Corp of Engineers on Joe Pool Lake, provide boating, fishing, picnicking, and numerous recreation opportunities for the public. Paved recreation trails invite citizens to hike, bike and skate their way through naturally beautiful park land.

Grand Prairie offers two municipal golf courses. Tangle Ridge Golf Club, between Lake Joe Pool and the Mountain Creek Escarpment, provides challenging play for all levels of golfers. This 18-hole championship golf course ranks in the top twenty golf courses in the state according to the 2004 surveys in *The Dallas Morning News* and *North Texas Golfer*. It features exciting elevation changes, stands of trees guarding each hole and 60 acres of tangled natural vegetation set against groomed fairways. The Prairie Lakes Golf Course, often called the best golf value in the Metroplex, offers 3 nine-hole golf courses, a driving range, three putting greens, a restaurant, pro shop and tournament pavilion. Golf lessons are available at either course and are taught by a PGA certified staff member.

## Convention and Tourism

Grand Prairie, located 12 miles from Dallas and 18 miles from Fort Worth, places residents within 20 to 30 minute drive to any cultural or entertainment facility in the Metroplex. Major sporting attractions, including the Dallas Cowboys, Texas Rangers, Dallas Sidekicks, Dallas Mavericks, Dallas Freeze, Dallas Stars and Fort Worth Fire are readily available. Highly regarded museums and concert facilities are located in both Dallas and Fort Worth.

Grand Prairie's Tourist Information Center greets up to 2,000 visitors a month. More than 6 million people a year visit Grand Prairie's tourist attractions including Ripley's Believe It Or Not, the Palace of Wax, Traders Village (Flea Market/RV Park), Lone Star Park thoroughbred racetrack, Nokia Theatre, and Joe Pool Lake. Lynn Creek Park and Loyd Park at Joe Pool Lake offer camping, public beach facilities and the Lynn Creek Marina and Restaurant. Lone Star Park at Grand Prairie, the north Texas Class I thoroughbred horse racetrack, continues hosting capacity crowds and record-breaking wagering since opening in 1997. The city's new Nokia Theater seats up to 6,300 patrons for headliners such as Sting, the Rockettes, the Blue Man Group, and Rod Stewart.

Popular special events in town include Lone Stars and Stripes Fireworks, Joe Pool Lake 10K Run, National Championship Indian Pow-Wow, and Cinco de Mayo.

### Transportation

Grand Prairie is served by Interstate Highways 20 and 30, State Highways 180, 303, and 360 with access to Interstates 35W, 35E, and 45 nearby. These routes provide access to the D/FW area, the entire U.S., Canada and Mexico. Rail service is provided by Union Pacific. Grand Prairie is five miles south of Dallas-Fort Worth International Airport. Non-stop single passenger service is available by major airlines to 166 U.S. cities and to 58 foreign markets. Most major U.S. cities are within three hours flying time from D/FW. Grand Prairie has a municipal airport with a 4,000' lighted runway, FBO, refueling, repair, and cargo handling.

### Education

There are several excellent colleges and universities in the immediate area, including the University of Texas at Arlington and at Dallas, Southern Methodist University, Texas Christian University, University of North Texas and Dallas Baptist University, Dallas County Community College District and Tarrant County Junior College District.

The Grand Prairie school system, a 622-acre district, includes 23 elementary, seven middle, two ninth grade centers, two senior and two alternative education schools. Some Grand Prairie students attend Arlington, Cedar Hill and Mansfield Independent School District schools. Arlington has six senior, 12 middle and 50 elementary, 1 prekindergarten, and four alternative education schools. Cedar Hill Independent School District has one senior, one middle, one intermediate, and ten elementary schools and will soon have one ninth grade center.





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