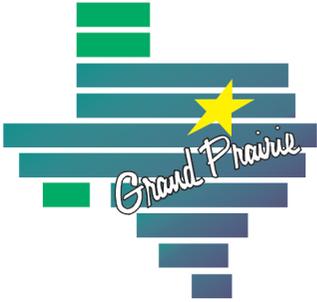


COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year Ended September 30, 2005



Animal Shelter



Ruthe Jackson Center



Bowles Life Center



Grand Prairie Memorial Gardens



Public Safety Training Facility



Tourist Information Center

City of Grand Prairie, Grand Prairie, Texas

CITY OF GRAND PRAIRIE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2005

PREPARED BY THE FINANCE DEPARTMENT



Charles England
Mayor

Tom Hart
City Manager

Elizabeth Walley, CPA
Finance Director

Stephen Nesbitt, CPA
Controller

**CITY OF GRAND PRAIRIE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2005**

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INTRODUCTORY SECTION





March 31, 2006

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, 2005. This report was prepared by the City’s financial staff and audited by Deloitte & Touche, LLP. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of 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.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

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, 2005. 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 81.4 square miles and serves an estimated population of 145,600.

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 3.6% in 2005 compared to 2004 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 2005 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 economic highlights during the fiscal year were:

- ◆ As of August, Cooper Tire & Rubber, Co., which makes and distributes tires for trucks and cars, signed a 13-year lease for the distribution of tires from the 395,000-square-foot facility at Interstate 20, east of the Great Southwest Crossing shopping center. Cooper is the first tenant of the \$9.3 million I-20 Crossing building, built in 2003. Cooper added an estimated \$8 million in taxable inventory.
- ◆ By December 2004, Gatorade-Quaker Oats had completed a 137,500-square-foot expansion of its facility on Trinity Boulevard. The expansion increased Gatorade-Quaker Oats operations to 880,000-square-feet. The expansion added a taxable value of about \$3.3 million.

- ◆ Hampson Aerospace, Inc. signed a 10-year lease on a 61,353-square-foot manufacturing facility located in the north Great Southwest Industrial District as of September. The company will manufacture the tail section for the Eclipse 500 Very Light Jet. The facility is expected to employ 134 people. Hampson is adding \$3 million of taxable value in building improvements and equipment.
- ◆ As of September, Hanson Pipe and Products completed the addition of about 86,000-square-foot to its concrete pipe manufacturing business at 1004 Mac Arthur. The expansion has an estimated taxable value of \$2.5 million.
- ◆ Freeman Decorating Services leased 280,000-square-foot in the Great Southwest Industrial District during September. Freeman prepares trade show exhibits for conventions, corporate meetings and expositions. Freeman and the building's owner made about \$2.2 million in taxable building improvements. Freeman employs 100 people.
- ◆ As of December 2004, the Cirrus Group, a medical services developer, completed its 36,168-square-foot Lake Ridge Parkway building. The anchor tenant is Baylor Medical. The building has an estimated value of about \$1.8 million.
- ◆ Star Stainless Screw, a distributor of stainless steel fasteners, completed its 31,370-square-foot distribution warehouse in north Great Southwest Industrial District as of January. The building's estimated taxable value is \$1.25 million.
- ◆ During the year, Firestone opened a 7,438 square-foot tire and service center at the northeast corner of Interstate 20 and Great Southwest Parkway. The estimated taxable value of the new retail store is \$1 million.
- ◆ During the year, Rheaco, Inc., machine/sheet metal shop expanded to the west of its current site on Jefferson Street by 10,000-square-foot. This expansion has a taxable value of \$760,000.
- ◆ During January, Turbomeca, a manufacturer of helicopter engines, began a 40,000-square-foot expansion of its facility near the municipal airport. The expansion has a taxable value of about \$1.2 million.
- ◆ In August, Harkins Theater submitted a site plan for the development of its 18-plex Harkins Theater at the southeast corner of Highway 360 and Interstate 20. The theater will be 81,706-square-foot and have a seating capacity of 3,996. The plan included the development of five additional facilities: a 4,400-square-foot restaurant, a 5,900-square-foot restaurant, a 7,300-square-foot restaurant, a 8,560-square-foot restaurant and a 6,200-square-foot outlet. The theater's taxable value is estimated at \$11 million.
- ◆ Walgreens has submitted plans to building a 14,820 square-foot store at the southeast corner of Barding Road and Great Southwest Parkway. The estimated taxable value of the new store is \$950,000.
- ◆ Also during the year, plans were submitted for a 582,000 square-foot retail shopping center for the southeast corner of Highway 360 and Interstate 20. A Super Target will be the anchor store with 183,000 square-foot. The estimated value of the new shopping center is unknown at this time.

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	1,400
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
Vought Aircraft Industries, Inc.	Commercial aircraft sub-assemblies	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	Designs and produces polymers for the automobile industry	400

MAJOR INITIATIVES

The City of Grand Prairie has completed a long-range plan for future land use, development and investment decisions. This Comprehensive Plan, which extends to the year 2025, 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 2005 accomplishments are:

- ◆ Updated technology to improve productivity, including PocketCitation, an electronic ticket writer, to speed traffic ticket writing, eliminate paperwork, and keep better records; the Library's automated catalog system making access available via the internet; revamping gptx.org, gptexas.com, tangleridge.com, prairielakesgolf.com; and CityNet, a customized personnel and finance management software system.
- ◆ Assisted an estimated 2,500 displaced victims of Hurricanes Rita and Katrina through shelters, food, housing, clothing, and furniture.
- ◆ Completed the Veterans Memorial at 929 Conover, just south of the Library.
- ◆ Citizens voted to continue the 1/4 cent sales tax for street improvements; and city invested \$4 million upgrading 14 streets and nine alleys; and leveling 43 standing water sites as part of the 2005 street improvements program.
- ◆ Built a \$3.5 million, 3 million-gallon/day sewage treatment facility with Trinity River Authority and the City of Midlothian, to serve the southern sector of the city.
- ◆ Completed the City's Comprehensive Plan for Development, which limits urban sprawl and apartments, creates parks and open space, revitalizes older areas and indicates 120,000 more residents by 2030.

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 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>	<u>FY 2003</u>	<u>FY 2002</u>
Per \$100 Assessed Value:					
Debt Service Fund	0.195287	0.195287	0.195287	0.195287	0.195287
General Fund	<u>0.474711</u>	<u>0.474711</u>	<u>0.474711</u>	<u>0.474711</u>	<u>0.474711</u>
Total	0.669998	0.669998	0.669998	0.669998	0.669998

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 auditors 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, 2005 the average remaining maturity was 238 days. The maximum weighted average maturity by policy is 365 days. The maximum maturity was one year, eleven months with the maximum allowed maturity according to policy being three years. Approximately 71% 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 2005, the City collected cash basis interest earnings of approximately \$3,043,917 on an average invested balance of \$149,470,960. The City's average return on investments for the fiscal year was approximately 2.04%. 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 loss on its pooled investments of approximately \$901,841.

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, 2005, 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.

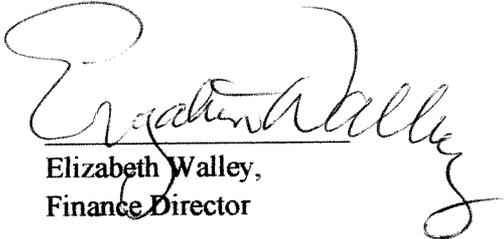
A Certificate of Achievement is valid for a period of one year only. The City has been awarded the GFOA Certificate of Achievement on its comprehensive annual financial reports each year for fiscal years ending 1985 through 2004. The City believes the 2005 CAFR will meet the GFOA Certificate of Achievement program requirements. The City will submit its 2005 CAFR to GFOA to determine its eligibility for another Certificate of Achievement.

Acknowledgments

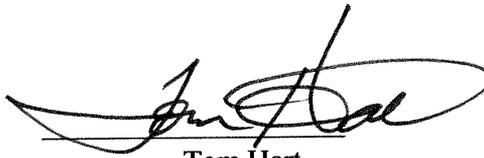
The preparation of the CAFR could not have been accomplished without the dedicated work of the entire Accounting Division staff, Cash and Debt Manager Tannie Camarata, and Special District Administrator Lee Harriss. Thanks are due also to Vivian Parker for administrative support, and Ken Unkart for graphics 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, 2004

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

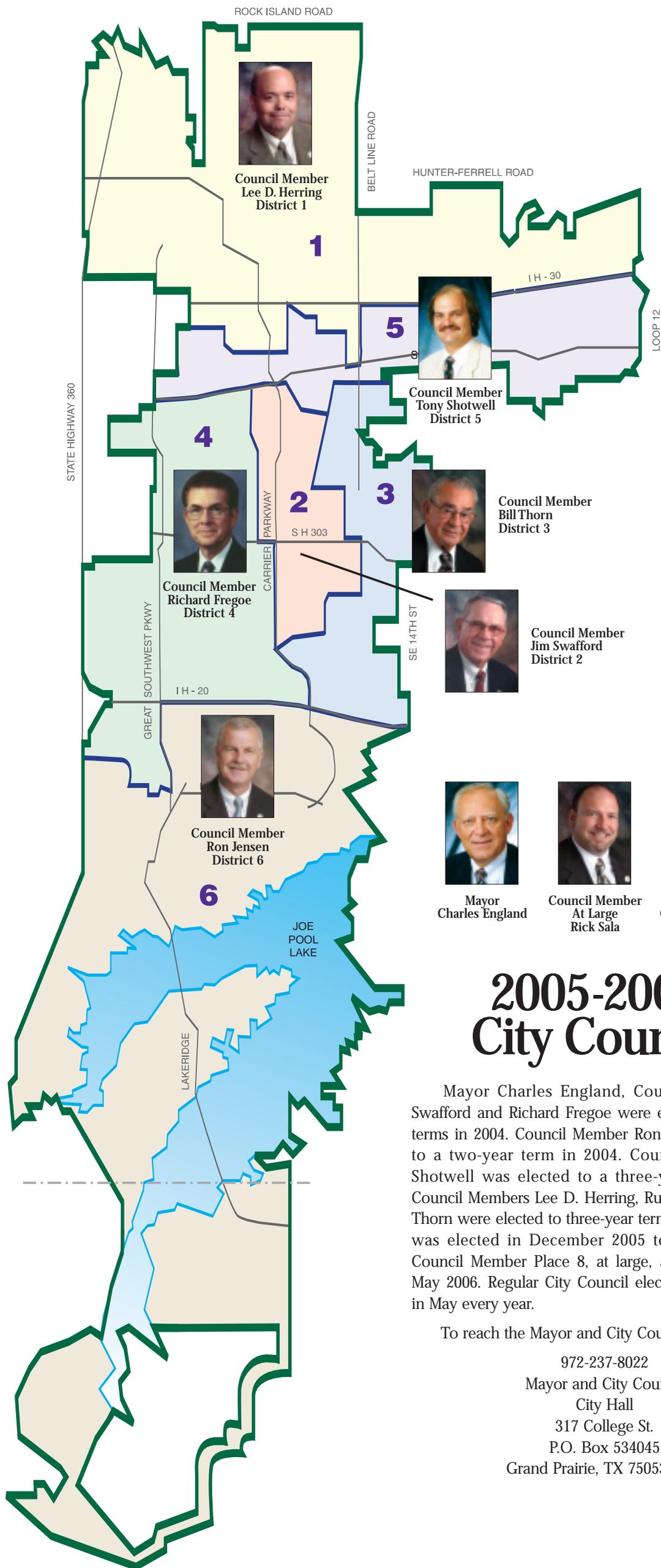
President

Jeffrey R. Emery

Executive Director



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**Council Member
Lee D. Herring
District 1**



**Council Member
Tony Shotwell
District 5**



**Council Member
Richard Fregoe
District 4**



**Council Member
Bill Thorn
District 3**



**Council Member
Jim Swafford
District 2**



**Council Member
Ron Jensen
District 6**



**Mayor
Charles England**



**Council Member
At Large
Rick Sala**



**Mayor Pro Tem
Council Member
At Large
Ruthe Jackson**

2005-2006 City Council

Mayor Charles England, Council Members Jim Swafford and Richard Fregoe were elected to three-year terms in 2004. Council Member Ron Jensen was elected to a two-year term in 2004. Council member Tony Shotwell was elected to a three-year term in 2003. Council Members Lee D. Herring, Ruthe Jackson and Bill Thorn were elected to three-year terms in 2005. Rick Sala was elected in December 2005 to fill a vacancy in Council Member Place 8, at large, and will serve until May 2006. Regular 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	District 2
Bill Thorn	District 3
Richard Fregoe	District 4
Tony Shotwell	District 5
Ron Jensen	District 6
Ruthe Jackson	Mayor Pro Tem – At Large – Place 7
Rick Sala	At Large – Place 8

EXECUTIVE MANAGERS

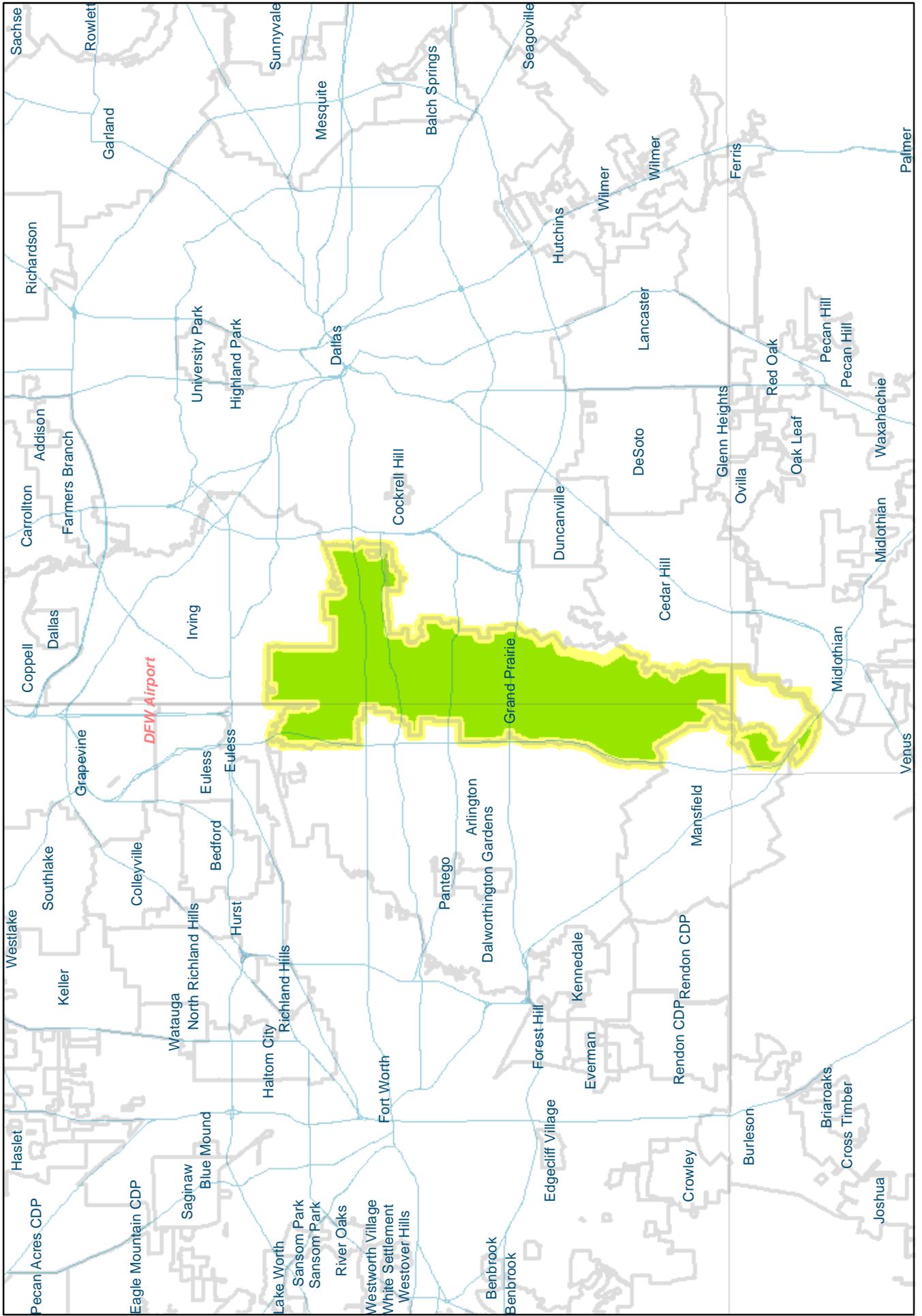
Tom Hart	City Manager
Tom Cox	Deputy City Manager
Anna Doll	Deputy City Manager
Christal Kliwer	Assistant to City Manager
Ben Blair	Human Resources Director
Randy Byers	Airport Director
Steven Cherry	Court Services Director
Kathleen Cook	Budget Director
Bill Crolley	Director of Planning & Development
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





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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Prairie, Texas (the "City") as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements, as listed in the accompanying table of contents. These financial statements are the responsibility of the City of Grand Prairie's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements for the Grand Prairie Housing Finance Corporation, which statements reflect total assets constituting 20% of total component unit assets as of September 30, 2005 and total operating revenues constituting 59% of total component unit operating revenues for the year then ended. 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 of America. The 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our opinion and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of

Grand Prairie as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, the City has recorded an adjustment to beginning fund balance in the General Fund to record the effect of a two-week accrual of the general government employees' year-end payroll.

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

Our audit was conducted for the purpose of forming an opinion on the City's respective financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional information and schedules are the responsibility of the City of Grand Prairie's management. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical information 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 additional information is the responsibility of the City of Grand Prairie's management. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2006, 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, 2006

MANAGEMENT'S DISCUSSION & ANALYSIS



CITY OF GRAND PRAIRIE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005
(Unaudited)

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, 2005. 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, 2005 by \$445,321,347. Of this amount, \$71,319,399 may be used to meet the government's ongoing obligations to citizens and creditors (*unrestricted net assets*).
- ◆ The City's net assets increased by \$49,650,727 for the fiscal year ended September 30, 2005. Capital contributions from private developers for improvements to the City's infrastructure accounted for \$30,250,627 or 60.9 percent of the increase in city net assets. However, the City recorded a prior period adjustment that decreased beginning net assets by \$1,823,809 (Note 1.f.).
- ◆ The City's governmental funds reported combined ending fund balances of \$83,359,368 at September 30, 2005, a decrease of \$8,843,591 in comparison with prior year combined fund balances, without considering the prior period adjustment. Of the governmental funds reported combined fund balances, \$60,281,058 or 72.3 percent is available for spending within City guidelines (*unreserved fund balance*).
- ◆ The City's unreserved fund balance for the general fund was \$16,467,282 at year end or 24.6 percent of total general fund expenditures for the reported fiscal year.
- ◆ The City's total long-term liabilities of \$239,357,552 increased by \$12,203,668 or 5.4 percent during the reported fiscal year. In fiscal year 2005, the City issued general obligation, certificates of obligation, water and wastewater revenue, and TIF-related certificates of obligation bonds totaling a combined \$42,780,000.

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. Budgetary comparison schedules have 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 \$445,387,162 at year end. The City had total assets at year end of \$703,415,594. The City's pooled cash and investments totaling \$144,539,007 and capital assets (e.g., land, buildings, equipment, infrastructure, and construction in progress), net of accumulated depreciation totaling \$546,825,960 represented 20.5 percent and 77.7 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 \$368,534,541 and represented 82.7 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		Business-Type		Total	
	Activities		Activities		Primary Government	
	9/30/2004	9/30/2005	9/30/2004	9/30/2005	9/30/2004	9/30/2005
Cash & investments	\$ 95,005,663	\$ 88,693,391	\$ 49,254,284	\$ 55,845,616	\$144,259,947	\$ 144,539,007
Other current assets	7,452,317	7,427,577	3,585,443	4,633,050	11,037,760	12,060,627
Capital assets, net	329,171,003	376,381,979	153,521,249	170,433,981	482,692,252	546,815,960
Total assets	<u>431,628,983</u>	<u>472,502,947</u>	<u>206,360,976</u>	<u>230,912,647</u>	<u>637,989,959</u>	<u>703,415,594</u>
Current liabilities	20,744,900	26,364,623	7,572,819	9,268,918	28,317,719	35,633,541
Long-term bonded debt	159,793,089	160,312,656	41,170,533	54,206,192	200,963,622	214,518,848
Other noncurrent liabilities	8,101,672	5,350,070	3,112,517	2,591,788	11,214,189	7,941,858
Total liabilities	<u>188,639,661</u>	<u>192,027,349</u>	<u>51,855,869</u>	<u>66,066,898</u>	<u>240,495,530</u>	<u>258,094,247</u>
Net assets:						
Invested in capital assets, net of related debt	174,584,254	237,535,813	110,683,391	130,998,728	285,267,645	368,534,541
Restricted	3,167,064	1,768,257	3,548,429	3,699,150	6,715,493	5,467,407
Unrestricted	65,238,004	41,171,528	40,273,287	30,147,871	105,511,291	71,319,399
Total net assets	<u>\$ 242,989,322</u>	<u>\$ 280,475,598</u>	<u>\$ 154,505,107</u>	<u>\$ 164,845,749</u>	<u>\$ 397,494,429</u>	<u>\$ 445,321,347</u>

A portion of the City's net assets totaling \$5,467,4107 or 1.2 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 \$49,650,727 in fiscal year 2005. As previously mentioned, \$30,250,627 or 60.8 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 2005 compared to fiscal 2004 changes in the City's net assets were as follows:

Table 2

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	9/30/04	9/30/05	9/30/04	9/30/05	9/30/04	9/30/05
Revenues:						
Program revenues:						
Charges for services	\$ 20,003,601	\$ 21,803,849	\$ 44,161,419	\$ 48,115,833	\$ 64,165,020	\$ 69,919,682
Operating grants and contributions	27,628,031	28,456,869	2,140,958	386,900	29,768,989	28,843,769
Capital grants and contributions	26,900,978	25,867,397	10,169,562	10,979,777	37,070,540	36,847,174
General revenues:						
Property tax	46,952,102	50,217,892	-	-	46,952,102	50,217,892
Sales tax	23,970,012	24,833,472	-	-	23,970,012	24,833,472
Other tax	1,054,409	1,803,169	-	-	1,054,409	1,803,169
Franchise fees	6,294,469	9,870,488	-	-	6,294,469	9,870,488
Investment income	1,804,705	2,820,035	192,188	288,044	1,996,893	3,108,079
Other	2,811,908	3,014,011	-	-	2,811,908	3,014,011
Total revenues	157,420,215	168,687,182	56,664,127	59,770,554	214,084,342	228,457,736
Expenses:						
Support services	13,014,368	13,933,988	-	-	13,014,368	13,933,988
Public safety	49,831,335	53,811,047	-	-	49,831,335	53,811,047
Recreation and leisure	13,276,399	14,491,018	-	-	13,276,399	14,491,018
Development and other services	39,071,130	40,009,351	-	-	39,071,130	40,009,351
Interest on long-term debt	6,305,446	7,482,003	-	-	6,305,446	7,482,003
Water and wastewater	-	-	31,405,404	36,537,343	31,405,404	36,537,343
Municipal golf course	-	-	3,234,336	3,451,846	3,234,336	3,451,846
Solid waste	-	-	7,326,711	6,422,295	7,326,711	6,422,295
Municipal airport	-	-	1,739,208	1,833,787	1,739,208	1,833,787
Storm water utility	-	-	673,302	834,331	673,302	834,331
Total expenses	121,498,678	129,727,407	44,378,961	49,079,602	165,877,639	178,807,009
Increase in net assets before transfers	35,921,538	38,959,775	12,285,166	10,690,952	48,206,703	49,650,727
Transfers	1,724,267	350,310	(1,724,267)	(350,310)	-	-
Increase in net assets	37,645,805	39,310,085	10,560,899	10,340,642	48,206,703	49,650,727
Net assets - beginning of year - as previously stated	205,343,517	242,989,322	143,944,208	154,505,107	349,287,725	397,494,429
Prior period adjustment	-	(1,823,809)	-	-	-	(1,823,809)
Net assets - beginning of year - as restated	205,343,517	241,165,513	143,944,208	154,505,107	349,287,725	395,670,620
Net assets - end of year	\$ 242,989,322	\$ 280,475,598	\$ 154,505,107	\$ 164,845,749	\$ 397,494,428	\$ 445,321,347

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

Table 3
General Revenue Comparison
For the Year End

	Fiscal Year 9/30/04	Fiscal Year 9/30/05	Increase (Decrease)
Governmental activities:			
Property taxes	\$ 46,952,102	\$ 50,217,892	\$ 3,265,790
Sales taxes	23,970,012	24,833,472	863,460
Other taxes	1,054,409	1,803,169	748,760
Franchise fees	6,294,469	9,870,488	3,576,019
Investment income	1,804,705	2,820,035	1,015,330
Other	2,811,908	3,014,011	202,103
Total governmental activities	<u>82,887,605</u>	<u>92,559,067</u>	<u>9,671,462</u>
Business-type activities:			
Investment income	192,188	288,044	95,856
Total business-type activities	<u>192,188</u>	<u>288,044</u>	<u>95,856</u>
Total general revenues	<u>\$ 83,079,793</u>	<u>\$ 92,847,111</u>	<u>\$ 9,767,318</u>

The City's \$1,015,330 total increase 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. Property tax revenue increased \$ 3,265,790 due primarily to a 6.7% increase in net taxable assessed property values. Franchise fee revenue increased \$3,576,019 because of the prior year's change in the accrual method for franchise fees.

Governmental activities. Net assets for governmental activities increased by \$39,310,085, thereby accounting for 79.1 percent of the total increase in the government's net assets. Of the increase, contributions of infrastructure by private developers to the city represented 53.9 percent. An increase in governmental general revenues (excludes operating transfers) compared to prior fiscal year represented 6.8 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 \$828,838 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. A prior period restatement of \$1,823,809 in the General Fund was made to record a payroll accrual that related to a prior accounting period (Note 1.f.).

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.

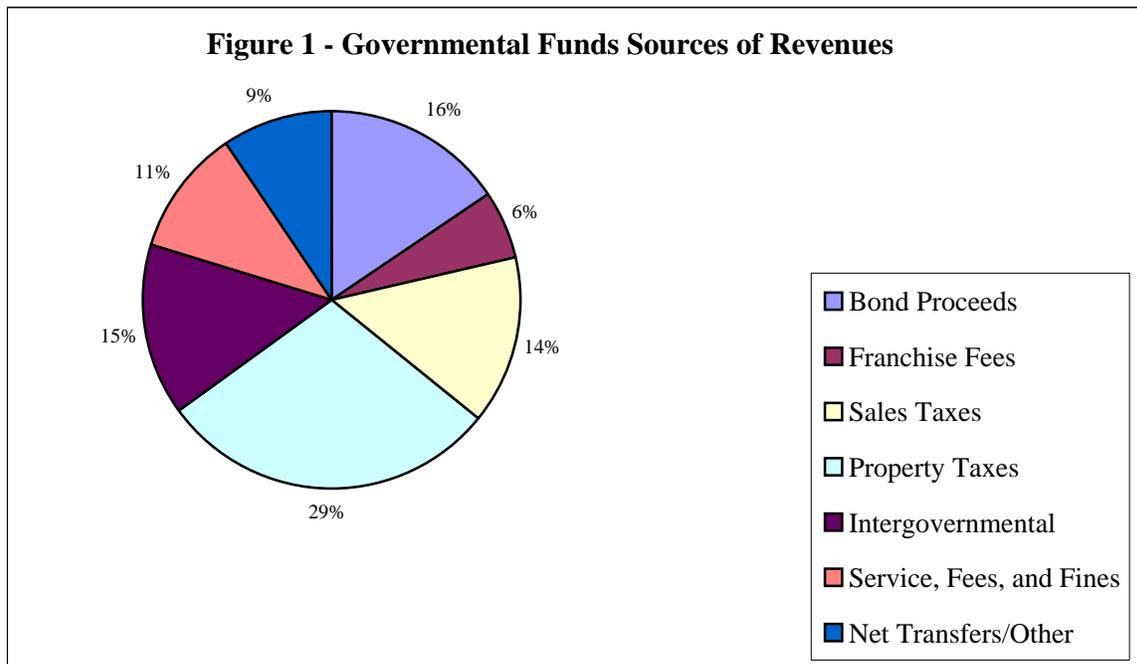
Business-type activities. Business-type activities increased the City's net assets by \$10,340,642, accounting for 20.8 percent of the total growth in the primary government's net assets. Of the increase, contributions by private developers to the City's water and wastewater system infrastructure represented \$9,046,419 or 86.9 percent. Table 2 summarizes the changes in business-type activities net assets.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

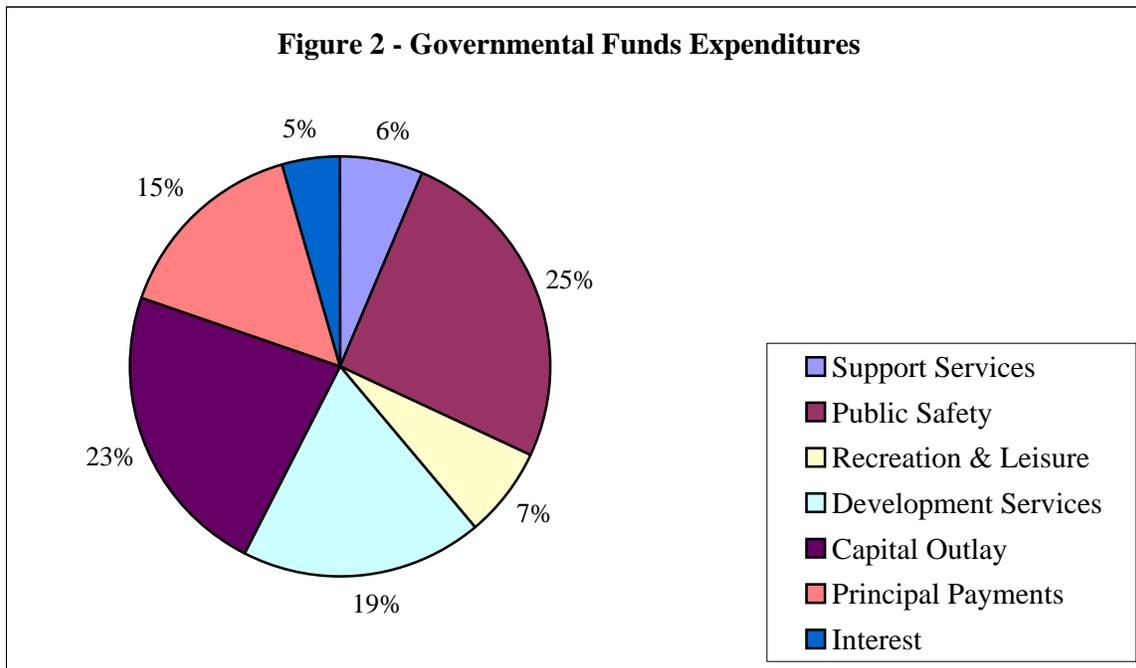
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 2005, the City's governmental funds (excluding internal service funds) reported combined ending fund balances of \$83,359,368, a decrease of \$8,843,591 in comparison with the prior year, without considering the prior period adjustment (Note 1.f.). The unreserved fund balance portion is 72.3 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 - \$21,310,053, and 2) to pay debt service - \$1,768,257. Figures 1 and 2 below show the distribution of governmental funds sources of revenues - \$192,998,300 and expenditures - \$201,841,891 respectively, for fiscal year 2005.



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 \$16,467,282, while total fund balance was \$17,713,038. 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 24.6% of total general fund expenditures, while total fund balance represents 26.4% of that same amount. The City's General Fund balance increased by \$398,575 in fiscal year 2005. The General Fund reported increases in most revenues with small decreases in franchise fees and other taxes.

Fund balances of several other governmental funds changed significantly. Fund balances of the Park Venue Fund, Section 8 Fund, Street Improvements Fund and Debt Service Fund decreased by \$1,085,428, \$218,151, \$3,827,971, and \$1,398,807, respectively, due to increased interest payment from bond refundings and the bond proceeds issued in prior year were spent. The fund balance of the nonmajor governmental funds decreased by \$2,711,809 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 \$164,042,985 and \$2,539,992, respectively at September 30, 2005. The City's internal service funds reported a gain before transfers and capital contributions of \$529,534. The enterprise funds' amount invested in capital assets, net of related debt represented 79.8 percent of total enterprise funds net assets. The enterprise funds unrestricted net assets were 17.9 percent of total enterprise funds net assets. The internal service funds' amount invested in capital assets, net of related debt represented 53.2 percent of total internal service funds' net assets. The internal service funds unrestricted net assets were 46.8 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 \$64,567,693 and expenses of \$62,461,563 (excluding transfers and capital contributions) by activity.

Figure 3 - Proprietary Funds Revenues by Activity

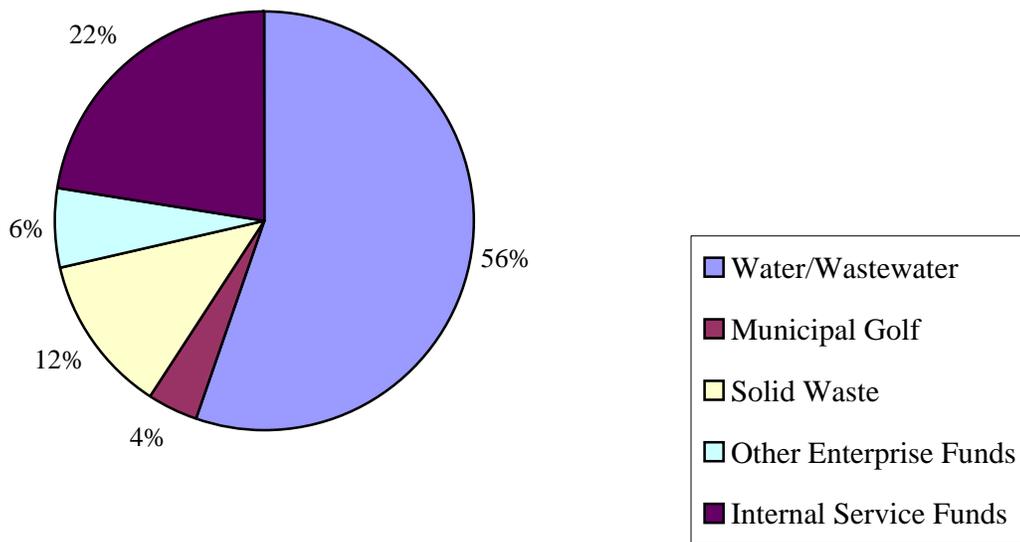
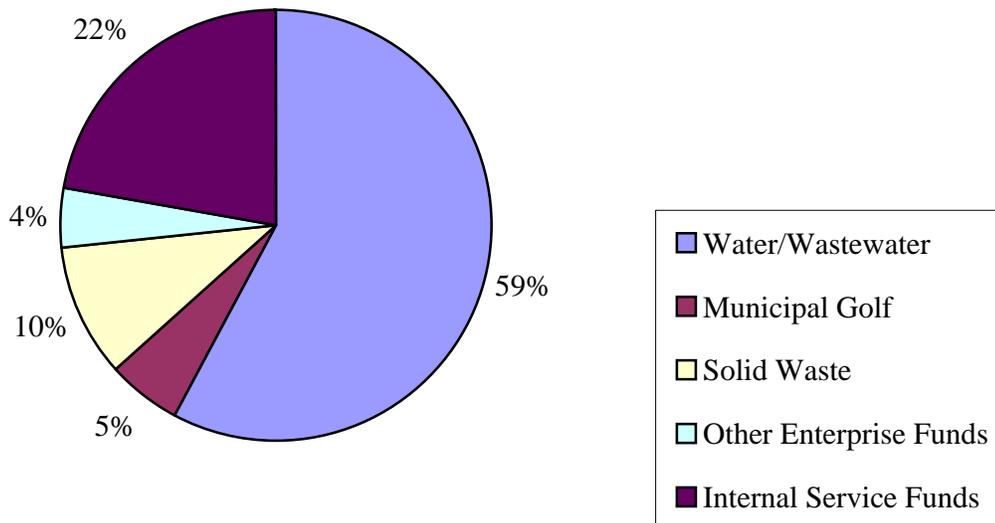


Figure 4 - Proprietary Fund Expenses by Activity



General Fund Budgetary Highlights

During the year there was a \$836,050 increase in appropriations between the original and final budget. This increase was due primarily to a supplemental appropriation to the public safety departments (police, fire, etc.) for merit increases. For the reported fiscal year, revenues exceeded budgetary estimates by \$2,016,474. Expenditures were under budgetary estimates by \$875,116. The fund realized an increase in fund balance of \$398,575 due to higher than budgeted revenues for franchise fees, charges for goods and services, licenses and permits, 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 \$546,825,960. 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 \$64,143,708 in fiscal year 2005.

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

- ◆ Private developer capital contributions of \$30,250,627 to the City's streets, water, sewer, and drainage infrastructure in connection with various residential and commercial developments.
- ◆ Capital outlay totaling \$4,344,609 for improvement of the City's parks and recreation facilities. Major improvements were made to facilities such as the Bowles Life Center.
- ◆ Capital outlay totaling \$1,463,766 for the Lawson Enterprise Resources System that integrates and upgrades the City's financial management abilities.
- ◆ Capital outlay totaling \$5,808,340 for improvements to various locations on Camp Wisdom Road.
- ◆ Water and wastewater system capital improvements and expansion totaling \$10,169,602

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	
	9/30/04	9/30/05	9/30/04	9/30/05	9/30/04	9/30/05
Land	\$ 19,522,294	\$ 19,868,466	\$ 3,369,684	\$ 3,251,674	\$ 22,891,978	\$ 23,120,140
Construction in progress	77,209,140	93,900,453	10,273,742	15,423,506	87,482,882	109,323,959
Depreciable capital assets	352,585,932	399,005,575	216,798,074	237,285,753	569,384,006	636,291,328
Accumulated depreciation	(120,146,363)	(136,392,515)	(76,920,251)	(85,516,952)	(197,066,614)	(221,909,467)
Total capital assets, net	<u>\$ 329,171,003</u>	<u>\$ 376,381,979</u>	<u>\$ 153,521,249</u>	<u>\$ 170,443,981</u>	<u>\$ 482,692,252</u>	<u>\$ 546,825,960</u>

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

Long-term debt. At September 30, 2005, the City had the following long-term liabilities excluding amounts due within one year:

Table 5

Long-Term Debt*

	Governmental Activities		Business-Type Activities		Total Primary Government	
	9/30/04	9/30/05	9/30/04	9/30/05	9/30/04	9/30/05
Bonded debt	159,793,089	\$ 169,392,584	\$ 41,170,533	\$ 57,201,264	\$ 200,963,622	\$ 226,593,848
Accrued compensated absences	8,101,672	9,994,459	197,517	324,100	8,299,189	10,318,559
Closure and post closure liability	-	-	2,915,000	2,445,115	2,915,000	2,445,115
Total long-term debt	\$ 167,894,761	\$ 179,387,043	\$ 44,283,050	\$ 59,970,479	\$ 212,177,811	\$ 239,357,522
Long-term debt to net assets percentage	69%	64%	29%	36%	53%	54%

Of the total bonded debt, \$149,980,248 or 88.5 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 \$42,780,000 in new bonded debt and repaid principal on bonds totaling \$30,673,265. The City's interest expense on its bonded debt was \$10,138,203 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 Note 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 2006 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 5.4% which is typical for cities in the region. Median household effective buying income is \$43,516 per Sales and Marketing Management Magazine.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2006:

- ◆ An increase in property tax assessed values for a eleventh consecutive year resulting in additional budgeted property tax revenues of \$1,929,639. The City's net taxable assessed property values increased by 6.7% to \$7,577,359,236 for fiscal 2006 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 2006.
- ◆ An 3% 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 2005 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 2006 is \$164,061,641, an increase of \$8,416,700 or 5.4% as compared to prior fiscal year original budget. The general fund approved appropriations for fiscal year 2006 is \$79,970,073, an increase of \$3,211,648 or 4.2% from prior year. The remaining change in total budgeted operating appropriations and reserves includes increases of \$505,000 in the Storm Water Utility Fund, \$677,000 in the Solid Waste Fund, \$2,661,000 in the Water Wastewater Fund and the addition of \$948,000 for the Cemetery Fund. These increases and other minor increases are offset by a decrease in the Debt Service Fund of \$1,580,000.

The City's total approved planned capital projects for fiscal year 2006 totaling \$43,206,367 as compared to \$32,237,995 for the prior fiscal year. The fiscal 2006 planned capital projects includes \$18,411,232 for water and wastewater improvements, \$10,471,023 in street and signal improvements, \$1,306,000 in parks improvements and \$1,926,115 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, 2005**

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Current assets:				
Cash and cash equivalents	\$ 1,363,538	\$ 16,316,267	\$ 17,679,805	\$ 4,448,967
Investments	19,474,193	34,165,338	53,639,531	-
Receivables (net of allowance for uncollectibles):				
Property tax	225,716	-	225,716	-
Franchise fees	442,013	-	442,013	-
Sales tax	4,427,545	-	4,427,545	1,475,848
Other receivables	1,113,347	2,985,398	4,098,745	1,592,380
Due from other governments	1,138,695	-	1,138,695	-
Internal balances	(765,351)	765,351	-	-
Inventories and supplies	215,296	439,193	654,489	-
Current restricted assets:				
Cash and cash equivalents	10,202,814	439,797	10,642,611	6,230,274
Investments	57,652,846	4,924,214	62,577,060	-
Total current assets	<u>95,490,652</u>	<u>60,035,558</u>	<u>155,526,210</u>	<u>13,747,469</u>
Noncurrent assets:				
Lease payments receivable	-	-	-	15,023,799
Deferred charges	630,316	433,108	1,063,424	355,475
Estimated unguaranteed residential value	-	-	-	70,488,457
Capital assets:				
Land	19,868,466	3,251,674	23,120,140	1,612,851
Buildings	61,942,765	7,301,177	69,243,942	8,677,467
Equipment	53,822,751	211,879,906	265,702,657	310,078
Infrastructure	283,240,059	18,104,670	301,344,729	-
Construction in progress	93,900,453	15,423,506	109,323,959	9,313,519
Less accumulated depreciation	(136,392,515)	(85,516,952)	(221,909,467)	(3,409,422)
Total noncurrent assets	<u>377,012,295</u>	<u>170,877,089</u>	<u>547,889,384</u>	<u>102,372,224</u>
Total assets	<u>472,502,947</u>	<u>230,912,647</u>	<u>703,415,594</u>	<u>116,119,693</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,823,709	3,260,371	5,084,080	61,394
Accrued liabilities	4,732,891	438,129	5,171,020	534,488
Deferred revenue	85,071	-	85,071	-
Accrued compensated absences	4,647,875	173,940	4,821,815	-
Current liabilities payable from restricted assets:				
Customer deposits	-	1,898,682	1,898,682	32,144
Accrued liabilities	5,995,149	502,724	6,497,873	50,578
Current portion of long term debt	9,079,928	2,995,072	12,075,000	4,829,886
Total current liabilities	<u>26,364,623</u>	<u>9,268,918</u>	<u>35,633,541</u>	<u>5,508,490</u>
Noncurrent liabilities:				
Accrued compensated absences	5,350,070	146,673	5,496,743	-
Closure and postclosure liability	-	2,445,115	2,445,115	-
Construction loan payable	-	-	-	2,582,825
Long term debt	160,312,656	54,206,192	214,518,848	21,336,987
Total noncurrent liabilities	<u>165,662,726</u>	<u>56,797,980</u>	<u>222,460,706</u>	<u>23,919,812</u>
Total liabilities	<u>192,027,349</u>	<u>66,066,898</u>	<u>258,094,247</u>	<u>29,428,302</u>
NET ASSETS				
Invested in capital assets (net of related debt)	237,535,813	130,998,728	368,534,541	4,908,838
Restricted for:				
Debt service	1,768,257	3,699,150	5,467,407	704,648
Facility lease	-	-	-	74,910,166
Unrestricted	41,171,528	30,147,871	71,319,399	6,167,739
Total net assets	<u>\$ 280,475,598</u>	<u>\$ 164,845,749</u>	<u>\$ 445,321,347</u>	<u>\$ 86,691,391</u>

See accompanying notes to basic financial statements.

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

FUNCTIONS/ACTIVITY	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Support services	\$ 13,933,988	\$ 6,462,531	\$ 3,651,099	\$ -
Public safety services	53,811,047	8,567,505	1,763,177	-
Recreation and leisure services	14,491,018	2,947,751	165,611	-
Development services and other	40,009,351	3,826,062	22,876,982	25,867,397
Interest on long-term debt	7,482,003	-	-	-
Total governmental activities	<u>129,727,407</u>	<u>21,803,849</u>	<u>28,456,869</u>	<u>25,867,397</u>
Business-type activities:				
Water and wastewater	36,537,343	34,084,321	-	10,979,777
Municipal golf course	3,451,846	2,397,915	-	-
Solid waste	6,422,295	8,061,725	-	-
Municipal airport	1,833,787	1,654,152	386,900	-
Storm water	834,331	1,917,720	-	-
Total business-type activities	<u>49,079,602</u>	<u>48,115,833</u>	<u>386,900</u>	<u>10,979,777</u>
Total primary government	<u>\$ 178,807,009</u>	<u>\$ 69,919,682</u>	<u>\$ 28,843,769</u>	<u>\$ 36,847,174</u>
Component units:	<u>\$ 9,468,034</u>	<u>\$ 4,347,767</u>	<u>\$ -</u>	<u>\$ (1,357,932)</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 -
 as previously stated
Prior period adjustment (Note 1.f.)
Net assets - beginning of year -
 as restated
Net assets - end of year

See accompanying notes to basic financial statements.

(Continued)

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (3,820,358)	\$ -	\$ (3,820,358)	\$ -
(43,480,365)	-	(43,480,365)	
(11,377,656)	-	(11,377,656)	
12,561,090	-	12,561,090	
(7,482,003)	-	(7,482,003)	
<u>(53,599,292)</u>	<u>-</u>	<u>(53,599,292)</u>	
-	8,526,755	8,526,755	
-	(1,053,931)	(1,053,931)	
-	1,639,430	1,639,430	
-	207,265	207,265	
-	1,083,389	1,083,389	
<u>-</u>	<u>10,402,908</u>	<u>10,402,908</u>	
<u>(53,599,292)</u>	<u>10,402,908</u>	<u>(43,196,384)</u>	
			<u>(6,478,199)</u>
50,217,892	-	50,217,892	-
24,833,472	-	24,833,472	8,302,149
1,803,169	-	1,803,169	-
9,870,488	-	9,870,488	-
2,820,035	288,044	3,108,079	273,256
3,014,011	-	3,014,011	-
350,310	(350,310)	-	-
<u>92,909,377</u>	<u>(62,266)</u>	<u>92,847,111</u>	<u>8,575,405</u>
39,310,085	10,340,642	49,650,727	2,097,206
242,989,322	154,505,107	397,494,429	84,594,185
<u>(1,823,809)</u>	<u>-</u>	<u>(1,823,809)</u>	<u>-</u>
<u>241,165,513</u>	<u>154,505,107</u>	<u>395,670,620</u>	<u>84,594,185</u>
<u>\$ 280,475,598</u>	<u>\$ 164,845,749</u>	<u>\$ 445,321,347</u>	<u>\$ 86,691,391</u>

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**CITY OF GRAND PRAIRIE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005**

	<u>General</u>	<u>Park Venue</u>	<u>Section 8</u>	<u>Street Improvements</u>	<u>Debt Service</u>
ASSETS					
Cash and cash equivalents	\$ 621,190	\$ 1,642,249	\$ 446,295	\$ 2,027,007	\$ -
Investments	16,449,945	12,441,207	310,718	17,684,481	2,434,477
Property tax receivable	225,716	-	-	-	-
Sales tax receivable	2,951,697	737,924	-	-	-
Franchise fees receivable	442,013	-	-	-	-
Other receivables	13,534	-	-	-	-
Inventory and supplies	605	-	-	-	-
Interfund receivables	980,961	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 21,685,661</u>	<u>\$ 14,821,380</u>	<u>\$ 757,013</u>	<u>\$ 19,711,488</u>	<u>\$ 2,434,477</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 1,672,136	\$ 687,890	\$ 70,918	\$ 760,954	\$ 5,750
Accrued liabilities	2,300,487	255,265	130,808	-	91,597
Interfund payables	-	-	-	-	568,873
Deferred revenue	-	29,144	-	-	-
Total liabilities	<u>3,972,623</u>	<u>972,299</u>	<u>201,726</u>	<u>760,954</u>	<u>666,220</u>
Fund Balance:					
Reserved for:					
Encumbrances	1,245,151	42,161	-	11,052,128	-
Inventory and supplies	605	-	-	-	-
Bond debt service	-	-	-	-	1,768,257
Unreserved, designated for:					
Contingency	1,000,000	-	-	-	-
Capital projects	-	-	-	7,898,406	-
Unreserved, undesignated in:					
General Fund	15,467,282	-	-	-	-
Special Revenue Funds	-	13,806,920	555,287	-	-
Total fund balance	<u>17,713,038</u>	<u>13,849,081</u>	<u>555,287</u>	<u>18,950,534</u>	<u>1,768,257</u>
Total liabilities and fund balance	<u>\$ 21,685,661</u>	<u>\$ 14,821,380</u>	<u>\$ 757,013</u>	<u>\$ 19,711,488</u>	<u>\$ 2,434,477</u>

(Continued)

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 5,900,263	\$ 10,637,004
24,781,963	74,102,791
-	225,716
737,924	4,427,545
-	442,013
1,099,813	1,113,347
-	605
-	980,961
1,138,695	1,138,695
<u>\$ 33,658,658</u>	<u>\$ 93,068,677</u>

\$ 1,439,167	\$ 4,636,815
1,265,718	4,043,875
374,675	943,548
55,927	85,071
<u>3,135,487</u>	<u>9,709,309</u>

8,970,008	21,309,448
-	605
-	1,768,257
-	1,000,000
6,441,450	14,339,856
-	15,467,282
15,111,713	29,473,920
<u>30,523,171</u>	<u>83,359,368</u>
<u>\$ 33,658,658</u>	<u>\$ 93,068,677</u>

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**CITY OF GRAND PRAIRIE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
SEPTEMBER 30, 2005**

Total fund balance - total governmental funds \$ 83,359,368

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 \$1,352,372. 375,029,607

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. (912,183)

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 \$802,764). 1,737,228

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 \$18,305. These noncurrent liabilities are as follows:

General obligation bonds	\$ (73,016,970)	
Certificates of obligation	(65,728,928)	
Sales tax revenue bonds	(31,285,000)	
Unamortized bond issuance costs	630,316	
Unamortized bond premium/discount, net	(127,567)	
Unamortized loss of refunding	765,881	
Compensated Absences	(9,976,154)	<u>(178,738,422)</u>

Net assets of governmental activities \$ 280,475,598

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, 2005**

	<u>General</u>	<u>Park Venue</u>	<u>Section 8</u>	<u>Street Improvements</u>	<u>Debt Service Fund</u>
REVENUE					
Property tax	\$ 33,166,388	\$ -	\$ -	\$ -	\$ 12,967,053
Sales tax	16,531,323	4,151,075	-	-	-
Other taxes	233,394	-	-	-	-
Franchise fees	9,870,488	-	-	-	-
Charges for goods and service	4,412,459	1,336,461	-	-	-
Licenses and permits	2,631,458	-	-	-	-
Fines and forfeits	5,219,937	-	-	-	-
Special assessments	-	-	-	-	-
Intergovernmental revenue	518,540	-	19,316,046	494,000	-
General and administrative revenue	2,257,690	-	-	-	-
Investment income	147,586	49,264	(491)	256,452	35,987
Contributions	-	1,615,242	-	-	-
Other	650,925	412,525	65,449	-	-
Total revenue	<u>75,640,188</u>	<u>7,564,567</u>	<u>19,381,004</u>	<u>750,452</u>	<u>13,003,040</u>
EXPENDITURES					
Current operations:					
Support services	8,304,627	-	-	-	-
Public safety services	44,679,188	-	-	-	-
Recreation and leisure services	1,752,679	8,898,808	-	-	-
Development services and other	11,594,375	-	18,905,991	34,576	-
Capital outlay	667,363	4,344,609	563,636	13,035,024	-
Debt service:					
Principal retirement	-	982,502	-	-	9,011,234
Interest expense	-	2,421,532	-	-	4,589,735
Total expenditures	<u>66,998,232</u>	<u>16,647,451</u>	<u>19,469,627</u>	<u>13,069,600</u>	<u>13,600,969</u>
Excess (deficiency) of revenue over (under) expenditures	<u>8,641,956</u>	<u>(9,082,884)</u>	<u>(88,623)</u>	<u>(12,319,148)</u>	<u>(597,929)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,042,703	7,538,902	30,335	3,614,038	312,650
Transfers out	(9,286,084)	(179,271)	(159,863)	(655,196)	(1,539,455)
Sale of capital assets	-	-	-	-	-
Discount on debt issued	-	(77,175)	-	-	(19,073)
Bonds issued	-	-	-	5,532,335	-
Refunding bonds issued	-	6,705,000	-	-	10,835,000
Payment for refunded debt	-	(5,990,000)	-	-	(10,390,000)
Total other financing sources (uses)	<u>(8,243,381)</u>	<u>7,997,456</u>	<u>(129,528)</u>	<u>8,491,177</u>	<u>(800,878)</u>
Net change in fund balance	398,575	(1,085,428)	(218,151)	(3,827,971)	(1,398,807)
Fund balance - beginning of year - as previously stated	19,138,272	14,934,509	773,438	22,778,505	3,167,064
Prior period adjustments (Note 1.f.)	(1,823,809)	-	-	-	-
Fund balance - beginning of year - as restated	<u>17,314,463</u>	<u>14,934,509</u>	<u>773,438</u>	<u>22,778,505</u>	<u>3,167,064</u>
Fund balance - end of the year	<u>\$ 17,713,038</u>	<u>\$ 13,849,081</u>	<u>\$ 555,287</u>	<u>\$ 18,950,534</u>	<u>\$ 1,768,257</u>

(Continued)

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 4,084,451	\$ 50,217,892
4,151,075	24,833,473
827,590	1,060,984
-	9,870,488
1,460,833	7,209,753
148,463	2,779,921
242,116	5,462,053
742,184	742,184
4,818,066	25,146,652
-	2,257,690
2,316,681	2,805,479
7,460,627	9,075,869
2,043,567	3,172,466
<u>28,295,653</u>	<u>144,634,904</u>
3,041,839	11,346,466
1,624,978	46,304,166
1,805,806	12,457,293
3,073,027	33,607,969
22,879,140	41,489,772
1,005,000	10,998,736
1,112,425	8,123,692
<u>34,542,215</u>	<u>164,328,094</u>
<u>(6,246,562)</u>	<u>(19,693,190)</u>
8,951,801	21,490,429
(9,217,680)	(21,037,549)
47,967	47,967
-	(96,248)
3,752,665	9,285,000
-	17,540,000
-	(16,380,000)
<u>3,534,753</u>	<u>10,849,599</u>
(2,711,809)	(8,843,591)
33,234,980	94,026,768
-	(1,823,809)
<u>33,234,980</u>	<u>92,202,959</u>
<u>\$ 30,523,171</u>	<u>\$ 83,359,368</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, 2005**

Net change in fund balances - total governmental funds \$ (8,843,591)

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. 41,489,772

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 an expenditure in governmental funds. This is the amount of depreciation expense except for \$271,876 depreciation expense of the Internal Service funds. (15,586,759)

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. 21,204,207

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 to compensated absences shown here is the amount not reported as expenditure in governmental funds which excludes \$1,919 from internal service funds. (1,234,562)

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 is the current period accrued interest expense not reported as expenditure in governmental funds. (12,566)

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. 1,934,557

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 \$74,480). 359,027

Change in net assets of governmental activities \$ 39,310,085

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2005

	Business-Type Activities					Governmental
	Enterprise Funds					Activities
	Water	Municipal	Solid	Other	Total	Internal
	Wastewater	Golf	Waste	Nonmajor		Service
						Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 13,860,859	\$ 124,114	\$ 71,626	\$ 2,259,668	\$ 16,316,267	\$ 742,348
Investments	25,226,567	736,229	7,546,121	656,421	34,165,338	3,024,248
Accounts receivable, net	2,502,554	-	260,031	222,813	2,985,398	-
Inventories and supplies	399,073	-	-	40,120	439,193	214,691
Deferred charges	433,108	-	-	-	433,108	-
Current restricted assets:						
Cash and cash equivalents	-	302,251	-	137,546	439,797	187,000
Investments	4,867,576	-	56,638	-	4,924,214	-
Total current assets	<u>47,289,737</u>	<u>1,162,594</u>	<u>7,934,416</u>	<u>3,316,568</u>	<u>59,703,315</u>	<u>4,168,287</u>
Capital assets:						
Land	751,089	568,284	1,748,378	183,923	3,251,674	737,566
Buildings	2,361,045	1,854,835	726,069	2,359,228	7,301,177	1,477,875
Equipment	12,477,243	972,184	4,128,489	526,754	18,104,670	1,923,897
Infrastructure	187,658,043	7,774,839	6,926,353	9,520,671	211,879,906	16,672
Construction in progress	12,632,389	1,330,322	799,615	661,180	15,423,506	-
Less accumulated depreciation	(73,170,833)	(4,000,829)	(3,464,631)	(4,880,659)	(85,516,952)	(2,803,638)
Total capital assets	<u>142,708,976</u>	<u>8,499,635</u>	<u>10,864,273</u>	<u>8,371,097</u>	<u>170,443,981</u>	<u>1,352,372</u>
Total assets	<u>189,998,713</u>	<u>9,662,229</u>	<u>18,798,689</u>	<u>11,687,665</u>	<u>230,147,296</u>	<u>5,520,659</u>
LIABILITIES						
Current liabilities:						
Accounts payable	2,792,237	95,856	324,674	47,604	3,260,371	151,573
Accrued liabilities	286,280	37,239	105,067	9,543	438,129	2,620,303
Accrued compensated absences	100,151	28,241	33,126	12,422	173,940	12,294
Interfund payables	-	-	-	37,413	37,413	-
Current liabilities payable from restricted assets:						
Customer deposits	1,859,410	-	806	38,466	1,898,682	-
Accrued liabilities	442,712	43,790	2,142	14,080	502,724	187,000
Current portion of long term debt	2,565,454	290,928	53,690	85,000	2,995,072	-
Total current liabilities	<u>8,046,244</u>	<u>496,054</u>	<u>519,505</u>	<u>244,528</u>	<u>9,306,331</u>	<u>2,971,170</u>
Noncurrent liabilities:						
Accrued compensated absences	95,141	18,994	25,799	6,739	146,673	9,497
Closure and postclosure liability	-	-	2,445,115	-	2,445,115	-
Long term debt	43,698,218	7,845,144	257,830	2,405,000	54,206,192	-
Total noncurrent liabilities	<u>43,793,359</u>	<u>7,864,138</u>	<u>2,728,744</u>	<u>2,411,739</u>	<u>56,797,980</u>	<u>9,497</u>
Total liabilities	<u>51,839,603</u>	<u>8,360,192</u>	<u>3,248,249</u>	<u>2,656,267</u>	<u>66,104,311</u>	<u>2,980,667</u>
NET ASSETS						
Invested in capital assets (net of related debt)	114,119,805	363,563	10,552,753	5,881,097	130,917,218	1,352,372
Restricted for debt service	2,998,287	334,718	267,065	99,080	3,699,150	-
Unrestricted	21,041,018	603,756	4,730,622	3,051,221	29,426,617	1,187,620
Total net assets	<u>\$ 138,159,110</u>	<u>\$ 1,302,037</u>	<u>\$ 15,550,440</u>	<u>\$ 9,031,398</u>	<u>\$ 164,042,985</u>	<u>\$ 2,539,992</u>
Reconciliation to government-wide Statement of Net Assets:						
Adjustments to reflect the consolidations of internal service funds activities related to enterprise funds					802,764	
Net assets of business-type activities					<u>\$ 164,845,749</u>	

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF REVENUE, EXPENSE AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Business-Type Activities				Total	Governmental Activities Internal Service Funds
	Enterprise Funds					
	Water Wastewater	Municipal Golf	Solid Waste	Other		
OPERATING REVENUE						
Sales to customers	\$ 19,550,313	\$ 1,906,087	\$ 7,635,958	\$ 3,122,391	\$ 32,214,749	\$ 2,954,702
Wastewater charges to customers	12,279,020	-	-	-	12,279,020	-
Franchise fees	-	-	288,715	-	288,715	-
Water and wastewater fees	1,041,356	-	-	-	1,041,356	-
Wastewater surcharges	627,143	-	-	-	627,143	-
Intergovernmental revenue	-	-	-	386,900	386,900	-
Insurance premiums	-	-	-	-	-	11,329,883
Miscellaneous	132,838	459,837	29,498	401,827	1,024,000	185,268
Total operating revenue	<u>33,630,670</u>	<u>2,365,924</u>	<u>7,954,171</u>	<u>3,911,118</u>	<u>47,861,883</u>	<u>14,469,853</u>
OPERATING EXPENSE						
Salaries and personal benefits	4,972,165	994,158	1,322,542	376,435	7,665,300	1,041,213
Supplies and miscellaneous purchases	486,734	370,411	378,044	586,502	1,821,691	1,738,560
Purchased services	3,313,877	1,188,922	3,276,715	909,077	8,688,591	370,243
Insurance costs	-	-	-	-	-	10,520,059
Water purchases	7,051,566	-	-	-	7,051,566	-
Wastewater treatment	7,831,767	-	-	-	7,831,767	-
Miscellaneous	108,866	33,895	49,966	7,145	199,872	11,551
Depreciation	7,707,583	476,845	544,777	520,314	9,249,519	271,876
Franchise fees	1,299,911	-	530,075	75,440	1,905,426	-
General and administrative costs	1,794,846	-	190,321	23,393	2,008,560	-
Total operating expense	<u>34,567,315</u>	<u>3,064,231</u>	<u>6,292,440</u>	<u>2,498,306</u>	<u>46,422,292</u>	<u>13,953,502</u>
Operating income (loss)	<u>(936,645)</u>	<u>(698,307)</u>	<u>1,661,731</u>	<u>1,412,812</u>	<u>1,439,591</u>	<u>516,351</u>
NONOPERATING REVENUE (EXPENSE)						
Impact fees	1,933,358	-	-	-	1,933,358	-
Investment income	196,807	3,320	80,139	4,801	285,067	17,532
Loss on property disposition	(1,094)	-	-	-	(1,094)	(4,349)
Interest expense	(1,561,300)	(358,861)	(33,185)	(126,980)	(2,080,326)	-
Total nonoperating revenue (expense)	<u>567,771</u>	<u>(355,541)</u>	<u>46,954</u>	<u>(122,179)</u>	<u>137,005</u>	<u>13,183</u>
Income (loss) before contributions and transfers	<u>(368,874)</u>	<u>(1,053,848)</u>	<u>1,708,685</u>	<u>1,290,633</u>	<u>1,576,596</u>	<u>529,534</u>
Transfers in	2,272,088	928,856	-	-	3,200,944	25,467
Transfers out	(1,163,448)	-	(1,267,644)	(1,120,162)	(3,551,254)	(128,037)
Capital contributions	9,046,419	-	-	-	9,046,419	-
Change in net assets	<u>9,786,185</u>	<u>(124,992)</u>	<u>441,041</u>	<u>170,471</u>	<u>10,272,705</u>	<u>426,964</u>
Net assets - beginning of the year	<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>
Net assets - end of the year	<u>\$ 138,159,110</u>	<u>\$ 1,302,037</u>	<u>\$ 15,550,440</u>	<u>\$ 9,031,398</u>	<u>\$ 164,042,985</u>	<u>\$ 2,539,992</u>
Reconciliation to government-wide Statement of Activities:						
Change in net assets of enterprise funds					10,272,705	
Adjustments to reflect the consolidation of internal service funds activities to enterprise funds					<u>67,937</u>	
Change in net assets of business-type activities					<u>\$ 10,340,642</u>	

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, 2005**

	Business-Type Activities--Enterprise Funds					Governmental
	Water Wastewater	Municipal Golf Course	Solid Waste	Other	Total	Activities Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 33,627,831	\$ 1,906,087	\$ 8,176,375	\$ 3,471,722	\$ 47,182,015	\$ 2,954,702
Cash received from other funds for services	-	-	-	64,576	64,576	11,329,883
Cash payments to suppliers for goods and services	(19,383,468)	(1,543,609)	(4,225,280)	(1,525,825)	(26,678,182)	(12,727,787)
Decrease (increase) in deferred charges	(433,108)	-	-	-	-	-
Cash payments to employees for services	(4,965,733)	(1,000,178)	(1,326,084)	(381,156)	(7,673,151)	(1,039,627)
Cash payments to other funds for services	(1,299,911)	-	(530,075)	(75,440)	(1,905,426)	-
Other operating cash receipts (payments)	507,049	498,375	20,068	403,272	1,428,764	220,105
Net cash provided (used) by operating activities	<u>8,052,660</u>	<u>(139,325)</u>	<u>2,115,004</u>	<u>1,957,149</u>	<u>11,985,488</u>	<u>737,276</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	2,272,088	928,856	-	-	3,200,944	25,467
Transfers to other funds	(1,163,448)	-	(1,267,644)	(1,120,162)	(3,551,254)	(128,037)
Net cash provided (used) by noncapital financing activities	<u>1,108,640</u>	<u>928,856</u>	<u>(1,267,644)</u>	<u>(1,120,162)</u>	<u>(350,310)</u>	<u>(102,570)</u>
Cash flows from capital and related financing activities:						
Capital outlays	(23,694,331)	(1,041,039)	(1,193,036)	(481,675)	(26,410,081)	(142,147)
Impact fees received	1,933,358	-	-	-	1,933,358	-
Contributions	9,046,419	-	-	-	9,046,419	-
Proceeds from sale of capital assets	(1,094)	-	-	-	(1,094)	-
Interest paid on bonds and line of credit	(1,495,485)	(358,861)	(33,185)	(126,980)	(2,014,511)	-
Repayment of principal on bonds	(2,634,852)	(280,928)	(326,263)	(45,000)	(3,287,043)	-
Proceeds from issuance of bonds	15,955,000	-	-	-	15,955,000	-
Net cash used by capital and related financing activities	<u>(890,985)</u>	<u>(1,680,828)</u>	<u>(1,552,484)</u>	<u>(653,655)</u>	<u>(4,777,952)</u>	<u>(142,147)</u>
Cash flows from investing activities:						
Investment earnings received on cash and investments	196,807	3,320	80,139	4,801	285,067	17,532
Purchase of investments	(11,762,892)	(118,253)	(1,244,158)	344,441	(12,780,862)	(517,666)
Sale of investments	-	-	-	(343,400)	(343,400)	-
Net cash provided (used) by investing activities	<u>(11,566,085)</u>	<u>(114,933)</u>	<u>(1,164,019)</u>	<u>5,842</u>	<u>(12,839,195)</u>	<u>(500,134)</u>
Net increase (decrease) in cash and cash equivalents	(3,295,770)	(1,006,230)	(1,869,143)	189,174	(5,981,969)	(7,575)
Cash and cash equivalents - beginning of year	17,156,629	1,432,595	1,940,769	2,208,040	22,738,033	936,923
Cash and cash equivalents - end of year	<u>\$ 13,860,859</u>	<u>\$ 426,365</u>	<u>\$ 71,626</u>	<u>\$ 2,397,214</u>	<u>\$ 16,756,064</u>	<u>\$ 929,348</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:						
Net operating income (loss)	\$ (936,645)	\$ (698,307)	\$ 1,661,731	\$ 1,412,812	1,439,591	\$ 516,351
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	7,707,583	476,845	544,777	520,314	9,249,519	271,876
Change in assets and liabilities:						
Decrease (increase) in customer accounts receivable	(45,271)	-	251,702	-	206,431	-
Increase in other accounts receivable	-	-	-	(11,141)	(11,141)	-
Increase in inventories and supplies	(63,578)	-	-	(164)	(63,742)	(31,539)
Decrease (increase) in deferred charges	(433,108)	-	-	-	(433,108)	-
Decrease (increase) in accounts payable	1,158,900	15,724	89,685	(6,690)	1,257,619	(66,386)
Decrease (increase) in other accrued liabilities	483,077	72,433	40,536	46,003	642,049	45,388
Decrease in customer deposits	175,270	-	-	736	176,006	-
Decrease (increase) in accrued compensated absences	6,432	(6,020)	(3,542)	(4,721)	(7,851)	1,586
(Decrease) in closure and post closure payable	-	-	(469,885)	-	(469,885)	-
Net cash provided (used) by operating activities	<u>\$ 8,052,660</u>	<u>\$ (139,325)</u>	<u>\$ 2,115,004</u>	<u>\$ 1,957,149</u>	<u>\$ 11,985,488</u>	<u>\$ 737,276</u>
Noncash investing, capital, and financing activities:						

The Water and Wastewater Fund received \$9,046,419 in noncash contributions from private developers consisting of water and wastewater infrastructure improvements. The change in fair value of investments for Water Wastewater, Municipal Golf, and Solid Waste was \$(194,075), \$(4,748), and \$(49,030), respectively. The change in fair value of investments was \$(4,166) for other enterprise funds and \$(19,503) for internal service funds.

See accompanying notes to basic financial statements.

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

**SEPTEMBER 30, 2005 FOR GRAND PRAIRIE SPORTS
DEVELOPMENT CORPORATION, INC.
DECEMBER 31, 2004 FOR GRAND PRAIRIE HOUSING
FINANCE CORPORATION**

	Housing Finance Corporation December 31, 2004	Sports Facilities Development Corporation September 30, 2005	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 225,123	\$ 4,223,844	\$ 4,448,967
Sales tax receivable	-	1,475,848	1,475,848
Other current assets	252,424	19,956	272,380
Minimum lease payments receivable - current portion	-	1,320,000	1,320,000
Current Restricted assets:			
Cash and cash equivalents	5,783,959	446,315	6,230,274
Total current assets	<u>6,261,506</u>	<u>7,485,963</u>	<u>13,747,469</u>
Noncurrent assets:			
Minimum lease payments receivable	-	15,023,799	15,023,799
Deferred charges	-	355,475	355,475
Estimated unguaranteed residential value	-	70,488,457	70,488,457
Capital assets:			
Land	1,612,851	-	1,612,851
Buildings	8,677,467	-	8,677,467
Machinery and equipment	-	310,078	310,078
Construction in progress	9,313,519	-	9,313,519
Less accumulated depreciation	(3,125,556)	(283,866)	(3,409,422)
Total capital assets	<u>16,478,281</u>	<u>26,212</u>	<u>16,504,493</u>
Total noncurrent assets	<u>16,478,281</u>	<u>85,893,943</u>	<u>102,372,224</u>
Total assets	<u>22,739,787</u>	<u>93,379,906</u>	<u>116,119,693</u>
LIABILITIES			
Current liabilities:			
Accounts payable	59,699	1,695	61,394
Accrued interest expense	534,488	-	534,488
Current liabilities payable from restricted assets:			
Accrued interest expense	-	50,578	50,578
Customer deposits	32,144	-	32,144
Current portion of long term debt	49,886	4,780,000	4,829,886
Total current liabilities	<u>676,217</u>	<u>4,832,273</u>	<u>5,508,490</u>
Noncurrent liabilities:			
Construction loan payable	2,582,825	-	2,582,825
Revenue Bonds	13,890,000	-	13,890,000
Sales tax revenue bonds	-	7,446,987	7,446,987
Total noncurrent liabilities	<u>16,472,825</u>	<u>7,446,987</u>	<u>23,919,812</u>
Total liabilities	<u>17,149,042</u>	<u>12,279,260</u>	<u>29,428,302</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,882,626	26,212	4,908,838
Restricted for:			
Debt service	258,333	446,315	704,648
Facility lease, net of related debt	-	74,910,166	74,910,166
Unrestricted	449,786	5,717,953	6,167,739
Total net assets	<u>\$ 5,590,745</u>	<u>\$ 81,100,646</u>	<u>\$ 86,691,391</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, 2005 FOR GRAND PRAIRIE SPORTS
DEVELOPMENT CORPORATION, INC.
DECEMBER 31, 2004 FOR GRAND PRAIRIE HOUSING
FINANCE CORPORATION**

	Housing Finance Corporation December 31, 2004	Sports Facilities Development Corporation September 30, 2005	Total
OPERATING REVENUE			
Rental income	\$ 2,565,178	\$ 1,767,895	\$ 4,333,073
Other	14,694	-	14,694
Total operating revenue	<u>2,579,872</u>	<u>1,767,895</u>	<u>4,347,767</u>
OPERATING EXPENSE			
Amortization of cost of facilities	-	3,257,973	3,257,973
Depreciation expense	601,580	62,016	663,596
General and administrative expenses	1,950,934	103,169	2,054,103
Total operating expense	<u>2,552,514</u>	<u>3,423,158</u>	<u>5,975,672</u>
Operating income (loss)	<u>27,358</u>	<u>(1,655,263)</u>	<u>(1,627,905)</u>
NONOPERATING REVENUE (EXPENSE)			
Investment income	118,465	154,791	273,256
Interest expense	(186,506)	(3,305,856)	(3,492,362)
Sales taxes	-	8,302,149	8,302,149
Total nonoperating revenue (expense)	<u>(68,041)</u>	<u>5,151,084</u>	<u>5,083,043</u>
Income (loss) before contribution	(40,683)	3,495,821	3,455,138
Contributions, net	-	(1,357,932)	(1,357,932)
Change in net assets	(40,683)	2,137,889	2,097,206
Net assets - beginning of the year	<u>5,631,428</u>	<u>78,962,757</u>	<u>84,594,185</u>
Net assets - end of the year	<u>\$ 5,590,745</u>	<u>\$ 81,100,646</u>	<u>\$ 86,691,391</u>

See accompanying notes to basic financial statements.



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NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

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CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

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CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2005**

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”). 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, 2005.

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

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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, 2005 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

CITY OF GRAND PRAIRIE, TEXAS

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removed by the City Council. The city is not financially obligated for any debt of the HFC. Complete separate December 31, 2004 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, 2004 to September 30, 2005. 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)

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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, 2005, 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.

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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

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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.
- 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 available and the qualifying expenditures have been 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.
- Interfund services provided and/or used by other funds are reported as "general and administrative revenue/expenses" and represent direct charges/payments for services provided to one or more other funds. Allocations of indirect costs are included in transfers in/out between funds and not reported as revenues or expenditures.

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

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The accounting objectives for proprietary funds 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

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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 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
Infrastructure	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.

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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 the 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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General Fund is typically used to liquidate the liability for governmental activities' compensated absences. Long-term accrued 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 2005. 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.

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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 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, 2005 was \$2,768,768. 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:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Change in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2005	\$ 2,763,302	\$ 10,525,525	\$ 10,520,059	\$ 2,768,768
2004	2,545,291	10,328,790	10,110,779	2,763,302

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.

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8) Deferred Revenue

Deferred revenues are recorded in the governmental funds when grant award is received, but reimbursable expenditures have not been incurred. For FY 2005 this was \$55,927. In the Parks Venue Fund deposits for scheduled events are recorded as deferred income until the events are held. At fiscal year-end, Parks Venue held \$29,144 in deposits on upcoming events. Because the total amount of \$85,071 represents unearned revenue, these amounts are presented at both the fund level and government-wide level.

f. Prior Period Adjustment

The prior period restatement of \$1,823,809 in the General Fund was made to record a payroll accrual that related to a prior accounting period.

g. New Accounting Principles

During fiscal year 2005, the City adopted Government Accounting Standards Board (“GASB”) Statement No. 40, *Deposit and Instrument Risk Disclosure*. This statement required the City to add certain additional disclosures regarding cash and investments.

The GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* (“GASB 42”), which will be effective for the City in the fiscal year ending September 30, 2006. GASB 42 will require the City to report the effects of capital asset impairments in its financial statements when they occur rather than as a part of ongoing depreciation expense for the capital asset or upon disposal of the capital asset. As of September 30, 2005, the City plans to implement the provisions of this Statement in fiscal year 2006.

The GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section* (“GASB 44”), which will be effective for the City in fiscal year ending September 30, 2006. GASB 44 changes the requirements of what must be included in the statistical section of the City’s Comprehensive Annual Financial Report, adding new schedules, eliminating selected schedules, and requiring additional disclosures on certain data included in the statistical section. As of September 30, 2005, the City plans to implement the provision of this Statement in fiscal year 2006.

The GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (“GASB 45”), which will be effective for the City in the fiscal year ending September 30, 2009. GASB 45 requires state and local governments to establish standards for the measurement, recognition, and display of other postemployment benefits, expense/expenditures, related liabilities and note disclosures in the financial statements. As of September 30, 2005, the City plans to implement the provisions of the Statement in fiscal year 2009.

The GASB issued Statement No. 46, *Net Assets Restricted by Legislation, an Amendment of GASB 34* (“GASB 46”), which will be effective for the City in fiscal year 2006. GASB

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46 clarifies the definition set forth by GASB 34 as it relates to “restricted net assets” in the financial statements. The restriction should be legally enforceable and mandated by parties external to the government (citizens, judiciary).

The GASB issued Statement No. 47, *Accounting for Termination Benefits* (“GASB 47”). This is Statement is effective for the City in two parts: (1) for those benefits that relate to other postemployment benefits, the City is to implement at the same time as GASB 45 and (2) for other termination benefits, the effective date will be in fiscal year 2006. This statement defines the accounting for voluntary and involuntary termination benefits (i.e., early retirement incentive). For voluntary termination benefits, an accrual of these costs is warranted when the termination terms have been accepted by the employee and the costs can be estimated. For involuntary termination occurrences, the liability should be recorded when the termination costs, such as severance, can be estimated and a plan for involuntary termination has been approved by the City. The plan for involuntary termination should include the number and classes of employees affected, employee location, date of proposed termination, and type of benefits that are expected to be paid to terminated employees.

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 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.

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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.

The differences between the City's budget-basis and GAAP-basis actual revenues and expenditures are due to accruals recorded in GAAP-basis, while encumbrances are reported in the budget-basis, and differences in classification.

During the fiscal year, the General Fund capital outlays function recorded expenditures in excess of appropriations of \$86,363. The overage was funded by budget differences in other functions.

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.

d. Deficit Fund Equity

The Community Development Block Grant fund, a special revenue fund had a deficit balance of \$15,962 as of September 30, 2005. This deficit will be eliminated through revenues recognized in the future years.

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,

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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, 2005.

The City's investments are stated at fair value, using the following methods and assumptions as of September 30, 2005:

- 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;
- 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 \$24,746,728 in TexPool as of September 30, 2005. 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

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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.

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

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

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

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

	<u>% Maximum</u>
1. U.S. Treasury Bills and Notes	100
2. U.S. Agency or Instrumentality Obligations (each type)	20 (a)
3. Repurchase Agreements	20
4. Municipal Securities (total)	40
5. Municipal Securities (out-of-state)	20
6. Certificates of Deposit (per institution)	20
7. Money Market Mutual Fund	20 *(b)
8. Public Funds Investment Pool	20

- (a) Total agency investments limited to no more than 70% of the total portfolio.
- *(b) State law allows up to 80% of monthly average fund balance, excluding bond proceeds. The City limits its exposure to 20% to reduce risk.

In addition, the City may invest in callable securities but shall limit the total amount to no more than 25% of the portfolio.

CITY OF GRAND PRAIRIE, TEXAS

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The City’s carrying amount of cash, cash equivalents and investments as of September 30, 2005 as reflected in the primary government’s financial statements, are:

	Unrestricted	Restricted	Total
Cash	\$ (1,020,524)	\$ 187,000	\$ (833,524)
Pooled investments:			
Cash equivalents	18,700,329	10,455,611	29,155,940
Investments	53,639,531	62,577,060	116,216,591
Total pooled investments	72,339,860	73,032,671	145,372,531
Total	<u>\$ 71,319,336</u>	<u>\$ 73,219,671</u>	<u>\$ 144,539,007</u>

At year-end, the bank balance of the City’s unrestricted cash was \$ 478,938. Of the bank balance, \$114,147 was covered by federal depository insurance and \$364,791 was covered by collateral held by the City’s agent in the City’s name. 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 \$29,155,940 were also covered by collateral held by the City’s agent in the City’s name.

As of September 30, 2005, the City had the following investments:

	Fair Value	Weighted Average Maturity (Days)	Credit Risk
Federal Farm Credit Bank	\$ 21,159,169	395	AAA
U. S. Treasury Notes	95,057,422	279	AAA
TexPool	24,746,728	1	AAAm
Money market funds	4,409,212	1	AAAm
Total	<u>\$ 145,372,531</u>	<u>238</u>	

Portfolio weighted average maturity

Maturities of the City’s investments at September 30, 2005 were as follows:

Cash equivalents	\$ 29,155,940
Under 30 days	11,986,590
30 days to 60 days	4,993,350
61 days to 90 days	6,481,806
91 days to 1 year	51,373,725
After 1 year	41,381,120
Total	<u>\$ 145,372,531</u>

CITY OF GRAND PRAIRIE, TEXAS

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The City did not invest in any securities different from the categories mentioned above during the 2004-2005 fiscal year.

At September 30, 2005, the carrying amount of the Sports Corporation's deposits included in cash and cash equivalents was \$54,935 while the bank balance of the Sports Corporation's deposits was \$60,235. 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, 2005 was \$4,670,159 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.

The bank balance of HFC at December 31, 2004, including restricted cash, totaled \$257,267, all of which was covered by FDIC insurance and collateral held by the depository institution in HFC's name. Restricted cash of \$32,144 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, 2005 are summarized below for governmental activities:

	Balance October 1, 2004	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2005
Non-depreciable capital assets:				
Land	\$ 19,522,294	\$ 346,172	\$ -	\$ 19,868,466
Construction in progress	77,209,140	37,954,640	(21,263,327)	93,900,453
Total non-depreciable capital assets	<u>96,731,434</u>	<u>38,300,812</u>	<u>(21,263,327)</u>	<u>113,768,919</u>
Depreciable capital assets:				
Buildings	57,011,078	4,931,687	-	61,942,765
Equipment	40,787,181	13,056,479	(20,909)	53,822,751
Infrastructure	254,787,673	28,452,386	-	283,240,059
Total depreciable capital assets	<u>352,585,932</u>	<u>46,440,552</u>	<u>(20,909)</u>	<u>399,005,575</u>
Less accumulated depreciation for:				
Buildings	(16,582,448)	(2,873,175)	(185,186)	(19,640,809)
Equipment	(24,712,173)	(1,013,319)	(199,665)	(25,925,157)
Infrastructure	(78,851,742)	(11,972,139)	(2,668)	(90,826,549)
Total accumulated depreciation	<u>(120,146,363)</u>	<u>(15,858,633)</u>	<u>(387,519)</u>	<u>(136,392,515)</u>
Total depreciable capital assets, net	<u>232,439,569</u>	<u>30,581,919</u>	<u>(408,428)</u>	<u>262,613,060</u>
Governmental activities capital assets, net	<u>\$ 329,171,003</u>	<u>\$ 68,882,731</u>	<u>\$ (21,671,755)</u>	<u>\$ 376,381,979</u>

CITY OF GRAND PRAIRIE, TEXAS

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SEPTEMBER 30, 2005

Capital asset balances for business-type activities for the year ended September 30, 2005 are summarized below:

	Balance October 1, 2004	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2005
Non-depreciable capital assets				
Land	\$ 3,369,684	\$ -	\$ (118,010)	\$ 3,251,674
Construction in progress	10,273,742	12,615,993	(7,466,229)	15,423,506
Total non-depreciable capital assets	<u>13,643,426</u>	<u>12,615,993</u>	<u>(7,584,239)</u>	<u>18,675,180</u>
Depreciable capital assets				
Buildings	7,238,249	299,388	(236,460)	7,301,177
Equipment	14,919,476	3,719,801	(534,607)	18,104,670
Infrastructure	194,640,349	17,298,706	(59,149)	211,879,906
Total depreciable capital assets	<u>216,798,074</u>	<u>21,317,895</u>	<u>(830,216)</u>	<u>237,285,753</u>
Less accumulated depreciation for:				
Buildings	(3,358,107)	(284,111)	185,186	(3,457,032)
Equipment	(7,483,415)	(1,041,533)	1,475,071	(7,049,877)
Infrastructure	(66,078,729)	(7,923,825)	(1,007,439)	(75,009,993)
Total accumulated depreciation	<u>(76,920,251)</u>	<u>(9,249,519)</u>	<u>652,818</u>	<u>(85,516,952)</u>
Total depreciable capital assets, net	<u>139,877,823</u>	<u>12,068,376</u>	<u>(177,398)</u>	<u>151,768,801</u>
Business-type activities' capital assets, net	<u>\$ 153,521,249</u>	<u>\$ 24,684,369</u>	<u>\$ (7,761,637)</u>	<u>\$ 170,443,981</u>

(A review of beginning balances determined that \$1,009,055 of accumulated depreciation was previously reported against equipment instead of infrastructure. The correction is addressed in the disposals/reclasses column.)

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

Support Services	\$ 1,750,268	Water and Wastewater	\$ 7,707,583
Public Safety Services	2,576,317	Municipal Golf	476,845
Recreation and Leisure Services	1,661,409	Solid Waste	544,777
Development Services and Other	9,870,639	Other Business-type	520,314
Total governmental	<u>\$ 15,858,633</u>	Total business-type	<u>\$ 9,249,519</u>

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

	Balance October 1, 2004	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2005
Equipment	\$ 310,078	\$ -	\$ -	\$ 310,078
Less accumulated depreciation	(221,850)	(62,016)	-	(283,866)
Total	<u>\$ 88,228</u>	<u>\$ (62,016)</u>	<u>\$ -</u>	<u>\$ 26,212</u>

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

CITY OF GRAND PRAIRIE, TEXAS

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

	Balance October 1, 2004	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2005
Non-depreciable capital assets:				
Land	\$ 1,612,851	\$ -	\$ -	\$ 1,612,851
Construction in progress	2,149,173	7,164,346	-	9,313,519
Total non-depreciable capital assets	<u>3,762,024</u>	<u>7,164,346</u>	<u>-</u>	<u>10,926,370</u>
Depreciable capital assets:				
Buildings	8,365,759	311,708	-	8,677,467
Less accumulated depreciation	<u>(2,523,976)</u>	<u>(601,580)</u>	<u>-</u>	<u>(3,125,556)</u>
Total depreciable capital assets, net	<u>5,841,783</u>	<u>(289,872)</u>	<u>-</u>	<u>5,551,911</u>
Housing Finance Corporation capital asset, net	<u>\$ 9,603,807</u>	<u>\$ 6,874,474</u>	<u>\$ -</u>	<u>\$ 16,478,281</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 801 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.

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.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

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Plan provisions for the City were as follows (as of 4/1/05*):

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, 2004 valuation is effective for rates beginning January 2006).

Actuarial Valuation Date	December 31, 2004	December 31, 2003	December 31, 2002
Actuarial Value of Assets	\$ 152,470,087	\$ 142,198,405	\$ 131,709,701
Actuarial Accrued Liability	187,718,712	177,576,317	161,002,282
Percentage Funded	81.2%	80.1%	81.8%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	\$ 35,248,625	\$ 35,377,912	\$ 29,292,581
Annual Covered Payroll	52,997,624	49,764,580	48,080,684
UAAL as a Percentage of Covered Payroll	66.5%	71.1%	60.9%
Net Pension Obligation (NPO) at the Beginning of Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Annual Required Contribution (ARC)	\$ 7,222,849	\$ 6,590,869	\$ 6,542,656
Contribution Made	7,222,849	6,590,869	6,542,656
NPO at the End of the Period	\$ -	\$ -	\$ -

(* To ensure the most accurate future rates are determined for the City, TMRS provided plan provisions as of 4/1/05 to the actuary in calculating the 12/31/04 valuation.)

CITY OF GRAND PRAIRIE

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Actuarial Assumptions - The City also uses the following assumptions

<u>Actuarial Valuation Date</u>	<u>December 31, 2004</u>	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Actuarial Cost Method	Unit Credit	Unit Credit	Unit Credit
Amortization Method	Level of Percent of Payroll	Level of Percent of Payroll	Level of 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%	7%	8%
Projected Salary Increases	None	None	None
Includes Inflation At	3.5%	None	None
Cost-of-Living Adjustments	None	None	None

The City of Grand Prairie is one of 801 municipalities having their benefit plan administered by TMRS. Each of the 801 municipalities have an annual, individual actuarial valuation performed. A assumptions for the 12/31/04 valuations are contained in the 2004 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas.

2) Long-Term Debt

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

	<u>Balance October 1, 2004</u>	<u>Borrowings or Increase</u>	<u>Payments or Decrease</u>	<u>Balance September 30, 2005</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
General obligation bonds	\$ 69,501,634	\$ 16,475,000	\$ (12,959,664)	\$ 73,016,970	\$ 4,880,856
Certificates of obligation bonds	69,758,000	3,645,000	(7,674,072)	65,728,928	3,344,072
Sale tax revenue bonds	31,325,000	6,705,000	(6,745,000)	31,285,000	855,000
Issuance premiums/discounts, net	112,191	(90,987)	106,363	127,567	-
Deferred loss on refunding	-	(820,469)	54,588	(765,881)	-
Compensated absences	8,758,565	5,883,962	(4,644,581)	9,997,946	4,645,909
Total governmental activities	<u>179,455,390</u>	<u>31,797,506</u>	<u>(31,862,366)</u>	<u>179,390,530</u>	<u>13,725,837</u>
<u>Business-Type Activities</u>					
General obligation bonds	5,523,366	-	(525,336)	4,998,030	239,144
Certificates of obligation bonds	6,192,000	-	(170,928)	6,021,072	215,928
Water and wastewater revenue bonds	32,759,612	15,955,000	(2,598,265)	46,116,347	2,540,000
Issuance premiums/discounts, net	(19,477)	69,100	18,661	68,284	-
Deferred loss on refunding	(3,704)	-	1,235	(2,469)	-
Closure and post closure liability	2,915,000	-	(469,885)	2,445,115	-
Compensated absences	331,697	166,550	(177,634)	320,613	173,943
Total business-type activities	<u>47,698,494</u>	<u>16,190,650</u>	<u>(3,922,152)</u>	<u>59,966,992</u>	<u>3,169,015</u>
Total primary government	<u>\$ 227,153,884</u>	<u>\$ 47,988,156</u>	<u>\$ (35,784,518)</u>	<u>\$ 239,357,522</u>	<u>\$ 16,894,852</u>
<u>Component Unit Activities</u>					
Sports Corporation:					
Taxable sales tax bonds	\$ 16,125,000	\$ -	\$ (5,185,000)	\$ 10,940,000	\$ 3,120,000
Tax exempt sales tax notes	7,515,000	-	(2,460,000)	5,055,000	1,660,000
Deferred loss on refunding/discount	(6,188,189)	-	2,420,176	(3,768,013)	-
Housing Finance Corporation:					
Notes payable	2,678,765	-	(46,054)	2,632,711	49,886
Revenue bonds	13,890,000	-	-	13,890,000	-
Total component units	<u>\$ 34,020,576</u>	<u>\$ -</u>	<u>\$ (5,270,878)</u>	<u>\$ 28,749,698</u>	<u>\$ 4,829,886</u>

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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, 2005, 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 2005 for Tax Increment Financing Zones No. 2 projects.

(i) General Obligation Debt

In March 2005 the City issued \$14,260,000 in General Obligation Refunding and Improvement Bonds Series 2005. The proceeds of the bonds were used to advance and current refund \$10,390,000 and to provide \$3,340,000 of capital funds, and to pay the cost of issuance. This current refunding was undertaken to reduce total debt service payments over the next 16 years by \$781,721 and resulted in an economic gain of \$558,192. (A \$377,667 refunding loss was recognized.)

In March 2005 the City issued \$2,935,000 in Certificates of Obligation Bonds Series 2005. The proceeds of the bonds were used to provide capital funds for governmental activities improvements and to pay the cost of issuance.

In March 2005 the City issued \$710,000 in Tax Increment Certificates of Obligation Bonds Series 2005A. The proceeds were used for Tax Increment Financing Zone No. 2 projects.

In September 2005 the City issued \$2,215,000 in General Obligation Bonds Series 2005A. The proceeds of the bonds were used to provide \$2,130,752 of capital funds, and to pay the cost of issuance.

At September 30, 2005, general obligation bonds authorized and unissued amounted to \$46,478,000. 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.

In September 2005 the City issued \$6,705,000 in Sales Tax Revenue Refunding Bonds Series 2005. The proceeds of the bonds were used to advance refund \$5,990,000 and to pay the cost of issuance. This refunding was undertaken to reduce total debt service payments over the next 21 years by \$568,399 and resulted in an economic gain of \$385,019. (A \$442,802 refunding loss was recognized.)

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

Governmental type long-term debt is summarized as follows:

	Interest Rate %	Year of Issue	Year of Maturity	Original Amount	Amount Outstanding
General obligation bonds:					
Series 1997A	4.4-6.4	1997	2018	\$ 2,710,000	\$ 235,000
Series 1998A	4.0-5.0	1998	2019	16,179,364	9,523,490
Series 1999	5.5	1998	2011	12,568,627	2,328,480
Series 2000	5.25-7.25	2000	2020	4,435,000	1,115,000
Series 2001	4.5-5.5	2001	2021	5,000,000	4,330,000
Series 2002	4.5-5.0	2002	2022	6,550,000	5,925,000
Series 2002A	3.9-4.875	2002	2022	9,900,000	8,890,000
Series 2003	2.0-4.60	2003	2023	11,025,000	9,845,000
Series 2003A	2.0-4.30	2003	2014	5,875,000	3,800,000
Series 2004	2.0-4.50	2004	2024	4,855,000	4,680,000
Series 2004A	2.0-4.75	2004	2024	6,170,000	5,870,000
Series 2005 Refunding	2.75-4.50	2005	2025	14,260,000	14,260,000
Series 2005A	3.75-4.25	2005	2025	2,215,000	2,215,000
Total general obligation bonds					<u>73,016,970</u>
Certificates of obligation bonds:					
Tax and revenue bonds:					
Series 1996	5.25-5.40	1996	2016	1,200,000	35,000
Series 1997A	4.60-5.75	1997	2018	1,515,000	85,000
Series 1998A	3.60-5.00	1998	2019	7,270,000	5,055,000
Series 2000	4.9-6.9	2000	2020	2,760,000	355,000
Series 2000A	5.0-5.5	2000	2020	3,800,000	3,235,000
Series 2001	4.5-5.5	2001	2021	5,900,000	4,680,000
Series 2002C	3.85-4.75	2002	2022	2,650,000	1,700,000
Series 2003	2.0-2.25	2003	2006	5,000,000	170,000
Series 2003A	2.0-5.0	2003	2028	4,960,000	4,695,000
Series 2004	2.5-4.45	2004	2024	2,894,000	2,607,430
Series 2004B	2.0-4.75	2004	2024	8,280,000	7,880,000
Series 2005	2.75-4.50	2005	2025	2,935,000	2,935,000
Total tax and revenue bonds					<u>33,432,430</u>
Tax and tax increment bonds					
Series 2001	LIBOR + .55% *	2000	2022	17,900,000	16,920,000
Series 2002B	4.5-5.0	2001	2020	2,800,000	2,485,000
Series 2003B	2.0-5.0	2003	2020	1,030,000	940,000
Series 2003C	2.0-5.0	2003	2020	4,340,000	3,955,000
Series 2004B	2.0-4.75	2004	2024	1,170,000	1,115,000
Series 2005A	2.75-4.50	2005	2020	710,000	710,000
Total tax and tax increment bonds					<u>26,125,000</u>
Parks & recreation bonds					
Series 2004	2.5-4.45	2004	2024	484,000	466,498
Series 2004B	2.0-4.75	2004	2024	5,915,000	5,705,000
Total parks & recreation					<u>6,171,498</u>
Total certificate of obligation bonds					<u>65,728,928</u>
Sales tax revenue bonds:					
Series 2000	5.4-7.4	2000	2025	3,670,000	745,000
Series 2000A	5.0-5.5	2000	2026	5,200,000	1,320,000
Series 2001	4.125-5.125	2001	2027	11,055,000	10,015,000
Series 2001A	4.125-5.0	2001	2027	8,500,000	7,840,000
Series 2002	4.0-5.0	2002	2027	5,000,000	4,660,000
Series 2005	3.5-4.25	2005	2026	6,705,000	6,705,000
Total sales tax revenue bonds					<u>31,285,000</u>
Compensated absences	N/A	N/A	N/A	N/A	9,997,946
Total governmental long-term debt					<u>\$ 180,028,844</u>

*Debt service rate was 4.24% at September 30, 2005.

CITY OF GRAND PRAIRIE, TEXAS

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 SEPTEMBER 30, 2005

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

	Balance October 1, 2004	Borrowings or Increase	Payments or Decrease	Balance September 30, 2005	Due Within One Year
General obligation bonds:					
Series 1992	\$ 2,584,260	\$ -	\$ (2,584,260)	\$ -	\$ -
Series 1997	1,925,000	-	(1,925,000)	-	-
Series 1997-A	2,230,000	-	(1,995,000)	235,000	115,000
Series 1998-A	10,338,894	-	(815,404)	9,523,490	844,546
Series 1999	2,328,480	-	-	2,328,480	401,310
Series 2000	3,915,000	-	(2,800,000)	1,115,000	160,000
Series 2001	4,510,000	-	(180,000)	4,330,000	185,000
Series 2002	6,145,000	-	(220,000)	5,925,000	230,000
Series 2002-A	9,235,000	-	(345,000)	8,890,000	360,000
Series 2003	10,445,000	-	(600,000)	9,845,000	595,000
Series 2003-A	4,820,000	-	(1,020,000)	3,800,000	990,000
Series 2004	4,855,000	-	(175,000)	4,680,000	180,000
Series 2004A	6,170,000	-	(300,000)	5,870,000	310,000
Series 2005 Refunding	-	14,260,000	-	14,260,000	430,000
Series 2005A	-	2,215,000	-	2,215,000	80,000
Total general obligation bonds	<u>69,501,634</u>	<u>16,475,000</u>	<u>(12,959,664)</u>	<u>73,016,970</u>	<u>4,880,856</u>
Certificates of obligation bonds:					
Tax and revenue bonds:					
Series 1996	520,000	-	(485,000)	35,000	35,000
Series 1997	2,135,000	-	(2,135,000)	-	-
Series 1997-A	835,000	-	(750,000)	85,000	40,000
Series 1998-A	5,345,000	-	(290,000)	5,055,000	300,000
Series 2000	1,425,000	-	(1,070,000)	355,000	50,000
Series 2000-A	3,360,000	-	(125,000)	3,235,000	135,000
Series 2001	4,870,000	-	(190,000)	4,680,000	200,000
Series 2002-A	175,000	-	(175,000)	-	-
Series 2002-C	2,030,000	-	(330,000)	1,700,000	70,000
Series 2003	335,000	-	(165,000)	170,000	170,000
Series 2003-A	4,830,000	-	(135,000)	4,695,000	140,000
Series 2004	2,894,000	-	(286,570)	2,607,430	286,570
Series 2004B	8,280,000	-	(400,000)	7,880,000	410,000
Series 2005	-	2,935,000	-	2,935,000	280,000
	<u>37,034,000</u>	<u>2,935,000</u>	<u>(6,536,570)</u>	<u>33,432,430</u>	<u>2,116,570</u>
Tax and tax increment bonds:					
Series 2001	17,425,000	-	(505,000)	16,920,000	540,000
Series 2002-B	2,595,000	-	(110,000)	2,485,000	115,000
Series 2003B	985,000	-	(45,000)	940,000	45,000
Series 2003-C	4,150,000	-	(195,000)	3,955,000	200,000
Series 2004B	1,170,000	-	(55,000)	1,115,000	60,000
Series 2005A	-	710,000	-	710,000	35,000
	<u>26,325,000</u>	<u>710,000</u>	<u>(910,000)</u>	<u>26,125,000</u>	<u>995,000</u>
Parks & recreation bonds:					
Series 2004	484,000	-	(17,502)	466,498	17,502
Series 2004B	5,915,000	-	(210,000)	5,705,000	215,000
	<u>6,399,000</u>	<u>-</u>	<u>(227,502)</u>	<u>6,171,498</u>	<u>232,502</u>
Total certificate of obligation bonds	<u>69,758,000</u>	<u>3,645,000</u>	<u>(7,674,072)</u>	<u>65,728,928</u>	<u>3,344,072</u>
Sales tax revenue bonds:					
Series 2000	3,360,000	-	(2,615,000)	745,000	90,000
Series 2000-A	4,880,000	-	(3,560,000)	1,320,000	110,000
Series 2001	10,290,000	-	(275,000)	10,015,000	285,000
Series 2001-A	8,020,000	-	(180,000)	7,840,000	190,000
Series 2002	4,775,000	-	(115,000)	4,660,000	125,000
Series 2005	-	6,705,000	-	6,705,000	55,000
Total sales tax revenue bonds	<u>31,325,000</u>	<u>6,705,000</u>	<u>(6,745,000)</u>	<u>31,285,000</u>	<u>855,000</u>
Compensated absences:	<u>8,758,565</u>	<u>5,880,475</u>	<u>(4,644,581)</u>	<u>9,994,459</u>	<u>4,645,909</u>
Total	<u>\$ 179,343,199</u>	<u>\$ 32,705,475</u>	<u>\$ (32,023,317)</u>	<u>\$ 180,025,357</u>	<u>\$ 13,725,837</u>

* Debt service rate was 4.24% at September 30, 2005.



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CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

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

Fiscal Year	General Obligation Bonds			Certificates of Obligation Bonds			TIF Certificates of Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2006	\$ 4,880,856	\$ 2,969,693	\$ 7,850,549	\$ 2,016,570	\$ 1,258,707	\$ 3,275,277	\$ 995,000	\$ 2,457,773	\$ 3,452,773
2007	5,051,494	2,795,198	7,846,692	1,724,900	1,196,111	2,921,011	1,055,000	2,768,135	3,823,135
2008	4,787,990	2,608,796	7,396,786	1,538,229	1,137,723	2,675,952	1,105,000	2,676,635	3,781,635
2009	4,360,160	2,430,953	6,791,113	1,496,559	1,079,869	2,576,428	1,175,000	2,562,710	3,737,710
2010	4,527,210	2,252,841	6,780,051	1,561,559	1,018,542	2,580,101	1,240,000	2,439,216	3,679,216
2011	4,349,260	2,068,068	6,417,328	1,629,889	951,594	2,581,483	1,310,000	2,306,616	3,616,616
2012	4,235,000	1,891,635	6,126,635	1,623,218	881,809	2,505,027	1,395,000	2,164,898	3,559,898
2013	4,305,000	1,718,123	6,023,123	1,704,878	809,724	2,514,602	1,475,000	2,013,049	3,488,049
2014	4,085,000	1,543,657	5,628,657	1,778,207	732,787	2,510,994	1,570,000	1,850,430	3,420,430
2015	4,180,000	1,369,538	5,549,538	1,626,537	656,166	2,282,703	1,665,000	1,676,062	3,341,062
2016	4,145,000	1,191,422	5,336,422	1,703,196	578,849	2,282,045	1,760,000	1,489,176	3,249,176
2017	4,290,000	1,007,796	5,297,796	1,786,526	495,925	2,282,451	1,870,000	1,289,291	3,159,291
2018	4,035,000	820,986	4,855,986	1,883,185	407,737	2,290,922	1,985,000	1,075,329	3,060,329
2019	3,900,000	637,742	4,537,742	1,981,515	313,991	2,295,506	2,120,000	846,069	2,966,069
2020	3,260,000	472,241	3,732,241	1,578,174	227,439	1,805,613	2,245,000	600,738	2,845,738
2021	2,950,000	328,379	3,278,379	1,319,833	158,002	1,477,835	1,525,000	359,625	1,884,625
2022	2,700,000	196,703	2,896,703	946,492	105,387	1,051,879	1,635,000	122,625	1,757,625
2023	1,525,000	99,478	1,624,478	843,152	64,521	907,673	-	-	-
2024	1,040,000	41,558	1,081,558	799,811	26,628	826,439	-	-	-
2025	410,000	9,025	419,025	180,000	4,050	184,050	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
Total	\$ 73,016,970	\$ 26,453,832	\$ 99,470,802	\$ 29,722,430	\$ 12,105,561	\$ 41,827,991	\$ 26,125,000	\$ 28,698,376	\$ 54,823,376

(continued)

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

Certificates of Obligation Bonds	\$ 29,722,430
Parks/Cemetery Certificates of Obligation Bonds	9,881,498
	<u>\$ 39,603,928</u>

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

Certificates of Obligation Bonds	\$ 33,432,430
Parks and Recreation Certificates of Obligation Bonds	6,171,498
	<u>\$ 39,603,928</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
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Parks/Cemetery Certificates of Obligation			Park Venue Sales Tax Revenue Bonds			Total		
Principal	Interest	Total	Principal (1)	Interest	Total	Principal	Interest	Total
\$ 332,502	\$ 412,093	\$ 744,595	\$ 855,000	\$ 1,441,391	\$ 2,296,391	\$ 9,079,928	\$ 8,539,657	\$ 17,619,585
338,175	404,273	742,448	890,000	1,411,806	2,301,806	9,059,569	8,575,523	17,635,092
348,848	395,400	744,248	935,000	1,367,547	2,302,547	8,715,067	8,186,101	16,901,168
359,522	385,062	744,584	985,000	1,321,434	2,306,434	8,376,241	7,780,028	16,156,269
364,522	373,083	737,605	1,035,000	1,273,710	2,308,710	8,728,291	7,357,392	16,085,683
380,195	359,881	740,076	1,090,000	1,223,509	2,313,509	8,759,344	6,909,668	15,669,012
395,868	345,392	741,260	1,140,000	1,171,039	2,311,039	8,789,086	6,454,773	15,243,859
412,214	329,454	741,668	1,200,000	1,117,168	2,317,168	9,097,092	5,987,518	15,084,610
427,887	312,365	740,252	1,255,000	1,061,418	2,316,418	9,116,094	5,500,657	14,616,751
448,561	294,291	742,852	1,325,000	1,003,519	2,328,519	9,245,098	4,999,576	14,244,674
469,907	274,385	744,292	1,380,000	943,306	2,323,306	9,458,103	4,477,138	13,935,241
490,580	252,679	743,259	1,455,000	879,119	2,334,119	9,892,106	3,924,810	13,816,916
516,926	229,791	746,717	1,525,000	810,549	2,335,549	9,945,111	3,344,392	13,289,503
537,599	205,795	743,394	1,600,000	738,071	2,338,071	10,139,114	2,741,668	12,880,782
563,946	180,493	744,439	1,675,000	661,839	2,336,839	9,322,120	2,142,750	11,464,870
590,292	153,726	744,018	1,765,000	581,172	2,346,172	8,150,125	1,580,904	9,731,029
616,638	125,697	742,335	1,860,000	495,381	2,355,381	7,758,130	1,045,793	8,803,923
642,985	96,160	739,145	1,955,000	404,400	2,359,400	4,966,137	664,559	5,630,696
679,331	64,601	743,932	2,060,000	307,856	2,367,856	4,579,142	440,643	5,019,785
225,000	42,625	267,625	2,165,000	205,800	2,370,800	2,980,000	261,500	3,241,500
235,000	31,125	266,125	2,200,000	100,122	2,300,122	2,435,000	131,247	2,566,247
245,000	19,125	264,125	935,000	23,375	958,375	1,180,000	42,500	1,222,500
260,000	6,500	266,500	-	-	-	260,000	6,500	266,500
<u>\$ 9,881,498</u>	<u>\$ 5,293,996</u>	<u>\$ 15,175,494</u>	<u>\$ 31,285,000</u>	<u>\$ 18,543,531</u>	<u>\$ 49,828,531</u>	<u>\$ 170,030,898</u>	<u>\$ 91,095,296</u>	<u>\$ 261,126,194</u>

(concluded)

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

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</u>	<u>Year of Issue</u>	<u>Year of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Water and wastewater					
General obligation bonds:					
Series 1998A	4.0-5.0%	1998	2019	\$ 340,757	\$ 81,510
Total general obligation bonds					<u>81,510</u>
Revenue bonds:					
Water and wastewater system					
Series 1998	4.3-5.0	1998	2019	3,575,000	2,915,000
Series 2002	4.5-5.0	2002	2022	4,100,000	3,710,000
Series 2002A	4.0-4.5	2002	2022	2,650,000	2,350,000
Series 2003	2.0-4.6	2003	2023	12,610,000	9,056,347
Series 2004	2.5-4.45	2004	2024	7,110,000	6,730,000
Series 2004A	2.0-4.75	2004	2024	5,615,000	5,400,000
Series 2005	2.75-4.50	2005	2025	5,725,000	5,725,000
Series 2005A	3.5-4.25	2005	2025	10,230,000	10,230,000
Total revenue bonds					<u>46,116,347</u>
Compensated absences	N/A	N/A	N/A	N/A	195,292
Total water and wastewater long-term debt					<u>46,393,149</u>
Solid waste					
General obligation bonds:					
Series 1999	5.5	1998	2011	1,618,370	311,520
Total general obligation bonds					<u>311,520</u>
Closure and post closure liability	N/A	N/A	N/A	N/A	2,445,115
Compensated absences	N/A	N/A	N/A	N/A	58,925
Total solid waste long-term debt					<u>2,815,560</u>
Municipal airport					
General obligation bonds:					
Series 1998B	3.25-4.9	1998	2012	1,238,648	370,000
Certificates of obligation bonds:					
Series 2004A	2.25-5.0	2004	2024	2,120,000	2,120,000
Compensated absences	N/A	N/A	N/A	N/A	19,161
Total municipal airport long-term debt					<u>2,509,161</u>
Municipal golf					
General obligation bonds:					
Series 2002	4.5-5.0	2002	2022	835,000	835,000
Series 2004A	2.0-4.75	2004	2024	3,510,000	3,400,000
Total general obligation bonds					<u>4,235,000</u>
Certificate of obligation bonds:					
Series 1998B	3.6-5.0	1998	2019	2,600,000	2,040,000
Series 2004	2.50-4.45	2004	2024	717,000	691,072
Series 2004B	2.0-4.75	2004	2024	1,215,000	1,170,000
Total certificate of obligation bonds					<u>3,901,072</u>
Compensated absences	N/A	N/A	N/A	N/A	47,235
Total municipal golf long-term debt					<u>8,183,307</u>
Total business-type activities' long-term det					<u>\$59,901,177</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

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

	Balance October 1, 2004	Borrowings or Increases	Payments or Decreases	Balance September 30, 2005	Due Within One Year
Water and wastewater					
General obligation bonds:					
Series 1998-A	\$ 106,106	\$ -	\$ (24,596)	\$ 81,510	\$ 25,454
Total general obligation bonds	106,106	-	(24,596)	81,510	25,454
Revenue bonds:					
Water and wastewater system:					
Series 1998	3,060,000	-	(145,000)	2,915,000	150,000
Series 2002	3,845,000	-	(135,000)	3,710,000	145,000
Series 2002-A	2,450,000	-	(100,000)	2,350,000	100,000
Series 2003	10,679,612	-	(1,623,265)	9,056,347	960,000
Series 2004	7,110,000	-	(380,000)	6,730,000	385,000
Series 2004A	5,615,000	-	(215,000)	5,400,000	205,000
Series 2005	-	5,725,000	-	5,725,000	195,000
Series 2005A	-	10,230,000	-	10,230,000	400,000
Total revenue bonds	32,759,612	15,955,000	(2,598,265)	46,116,347	2,540,000
Compensated absences	188,860	106,583	(100,151)	195,292	100,151
Total water and wastewater long-term debt	33,054,578	16,061,583	(2,723,012)	46,393,149	2,665,605
Solid waste					
General obligation bonds:					
Series 1992	345,740	-	(345,740)	-	-
Series 1999	311,520	-	-	311,520	53,690
Total general obligation bonds	657,260	-	(345,740)	311,520	53,690
Closure and post closure liability	2,915,000	-	(469,885)	2,445,115	-
Compensated absences	62,467	29,584	(33,126)	58,925	33,126
Total solid waste long-term debt	3,634,727	29,584	(848,751)	2,815,560	86,816
Municipal airport					
General obligation bonds:					
Series 1998-B	415,000	-	(45,000)	370,000	45,000
Certificates of Obligation					
Series 2004A	2,120,000	-	-	2,120,000	40,000
Compensated absences	23,421	8,162	(12,422)	19,161	12,422
Total municipal airport long-term debt	2,558,421	8,162	(57,422)	2,509,161	97,422
Municipal golf					
General obligation bonds:					
Series 2002	835,000	-	-	835,000	-
Series 2004A	3,510,000	-	(110,000)	3,400,000	115,000
Total general obligation bonds	4,345,000	-	(110,000)	4,235,000	115,000
Certificate of obligation bonds:					
Series 1998-A	2,140,000	-	(100,000)	2,040,000	105,000
Series 2004	717,000	-	(25,928)	691,072	25,928
Series 2004B	1,215,000	-	(45,000)	1,170,000	45,000
Total certificate of obligation bonds	4,072,000	-	(170,928)	3,901,072	175,928
Compensated absences	53,258	22,221	(28,244)	47,235	28,244
Total municipal golf long-term debt	8,470,258	22,221	(309,172)	8,183,307	319,172
Storm water					
Compensated absences	457	-	(457)	-	-
Total business-type activities' long-term debt	\$ 47,721,675	\$ 16,121,550	\$ (3,942,048)	\$ 59,901,177	\$ 3,169,015

(i) Water and Wastewater System Debt

In March 2005 the City issued \$5,725,000 in Water Wastewater System Revenue Bonds, Series 2005. The proceeds of the bonds were used to provide \$5,550,000 of capital funds, and to pay the cost of issuance.

In August 2005 the City issued \$10,230,000 in Water Wastewater System Bonds, Series 2005A. The proceeds of the bonds were used to provide \$9,995,000 of capital funds, and to pay the cost of issuance.

Water and wastewater system long-term debt consists of general obligation refunding bonds, 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. During the fiscal year ended September 30, 2005, the City issued the remaining authorized water and wastewater system revenue bonds. At this time the city plans to issue non voted authorized revenue bonds in the future.

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, 2005, the City was in compliance with these covenants.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

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>
2006	\$ 25,454	\$ 2,974	\$ 28,428
2007	27,456	1,849	29,305
2008	28,600	629	29,229
Total	<u>\$ 81,510</u>	<u>\$ 5,452</u>	<u>\$ 86,962</u>

Water and Wastewater System Revenue Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 2,546,633	\$ 1,726,200	\$ 4,272,833
2007	2,546,633	1,702,355	4,248,988
2008	2,661,633	1,620,191	4,281,824
2009	2,721,633	1,528,924	4,250,557
2010	2,811,633	1,431,232	4,242,865
2011	2,601,633	1,332,635	3,934,268
2012	2,466,633	1,236,774	3,703,407
2013	2,556,633	1,139,040	3,695,673
2014	2,331,633	1,042,325	3,373,958
2015	2,336,633	947,954	3,284,587
2016	2,071,633	856,749	2,928,382
2017	2,156,633	766,256	2,922,889
2018	2,256,633	669,648	2,926,281
2019	2,356,633	568,021	2,924,654
2020	2,176,633	468,674	2,645,307
2021	2,276,633	371,107	2,647,740
2022	2,376,633	267,865	2,644,498
2023	1,943,586	171,768	2,115,354
2024	1,780,000	89,105	1,869,105
2025	1,140,000	24,744	1,164,744
Total	<u>\$ 46,116,347</u>	<u>\$ 17,961,567</u>	<u>\$ 64,077,914</u>

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

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, 2005, compliance with this requirement can be demonstrated as follows:

Revenue ⁽¹⁾	<u>\$ 35,760,835</u>
Operating expense (excluding depreciation):	
Water purchased	7,051,566
Sewage disposal contract	7,831,767
Other	<u>11,976,399</u>
Total expense ⁽²⁾	<u>26,859,732</u>
Available for debt service	<u>\$ 8,901,103</u>
Average annual principal and interest requirements, all water and wastewater revenue bonds at September 30, 2005	<u>\$ 3,198,078</u>
Coverage of average annual requirements based on September 30, 2005 revenue available for debt service	<u>2.78</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 2005 was \$3,916,812 for a coverage of 2.27.

(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.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

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>
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	490,000	11,638	501,638
Total	<u>\$ 4,235,000</u>	<u>\$ 2,364,794</u>	<u>\$ 6,599,794</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

Certificate of Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 3,901,072</u>	<u>\$ 1,622,946</u>	<u>\$ 5,524,018</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, 2005

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
Total	<u>\$ 311,520</u>	<u>\$ 49,940</u>	<u>\$ 361,460</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.

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>
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
Total	<u>\$ 370,000</u>	<u>\$ 73,090</u>	<u>\$ 443,090</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

Certificate of Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	195,000	4,875	199,875
Total	<u>\$ 2,120,000</u>	<u>\$ 1,215,565</u>	<u>\$ 3,335,565</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, 2005

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	\$ 2,600,000
Sales Tax Taxable Refunding Bonds:					
Series 2003A	1.60	2003	2010	15,920,000	8,340,000
Sales Tax Tax-Exempt Refunding Bonds:					
Series 2003B	1.23	2003	2009	10,040,000	5,055,000
Deferred loss on refunding					(3,711,683)
Discount on bonds					(56,330)
Total					<u>\$ 12,226,987</u>

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

	Balance October 1, 2004	Borrowings or Increase	Payments or Decrease	Balance September 30, 2005	Due Within One Year
Sales Tax Taxable Refunding Bonds:					
Series 1999A	\$ 3,790,000	\$ -	\$ (1,190,000)	\$ 2,600,000	\$ 1,260,000
Sales Tax Taxable Refunding Bonds:					
Series 2003A	12,335,000	-	(3,995,000)	8,340,000	1,860,000
Sales Tax Exempt Refunding Bonds:					
Series 2003B	7,515,000	-	(2,460,000)	5,055,000	1,660,000
Deferred loss on refunding	(6,087,790)	-	2,376,107	(3,711,683)	-
Discount on bonds:	(100,399)	-	44,069	(56,330)	-
Total	<u>\$ 17,451,811</u>	<u>\$ -</u>	<u>\$ (5,224,824)</u>	<u>\$ 12,226,987</u>	<u>\$ 4,780,000</u>

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

Fiscal Year	Principal	Interest	Total
2006	\$ 4,780,000	\$ 702,838	\$ 5,482,838
2007	4,915,000	487,500	5,402,500
2008	5,060,000	258,598	5,318,598
2009	1,240,000	55,394	1,295,394
Subtotal	15,995,000	1,504,330	17,499,330
Less unamortized loss on refunding	(3,711,683)	-	(3,711,683)
Less unamortized discount	(56,330)	-	(56,330)
Total	<u>\$ 12,226,987</u>	<u>\$ 1,504,330</u>	<u>\$ 13,731,317</u>

As of September 30, 2005, 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, 2005

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, 2004 follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Note payable	\$ 2,678,765	\$ -	\$ (46,054)	\$ 2,632,711	\$ 49,886
Revenue bonds	13,890,000	-	-	13,890,000	-
Total	\$ 16,568,765	\$ -	\$ (46,054)	\$ 16,522,711	\$ 49,886

Future maturities of the debt are as follows:

Fiscal Year Ending December 31	Note Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
2005	\$ 49,886	\$ 182,674	\$ -	\$ 1,068,975
2006	53,493	179,067	-	1,068,975
2007	57,360	175,200	160,000	1,059,975
2008	61,004	171,556	170,000	1,047,413
2009	65,916	166,644	185,000	1,033,912
2010-2014	407,818	754,982	1,150,000	4,927,687
2015-2019	578,186	584,614	1,665,000	4,394,897
2020-2024	819,602	343,198	2,425,000	3,603,944
2025-2029	539,446	50,777	3,560,000	2,436,794
2030-2034	-	-	4,575,000	753,687
Total	\$ 2,632,711	\$ 2,608,712	\$ 13,890,000	\$ 21,396,259

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 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.

CITY OF GRAND PRAIRIE, TEXAS

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At December 31, 2004, outstanding conduit debt was as follows:

<u>Bond Series</u>	<u>Original Issue Amount</u>	<u>Outstanding Amount</u>
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
1994 Single-Housing Mortgage Revenue Bonds	2,205,000	1,490,000
1995A Multi-Family Mortgage Revenue Bonds (Windsor Housing Foundation)	5,415,000	4,755,000
1995B Multi-Family Mortgage Revenue Bonds (Windsor Housing Foundation)	374,000	334,000
1997 Single-Family Mortgage Revenue Bonds	365,500	365,500
1998A Single-Family Mortgage Revenue & Refunding Bonds	17,419,000	4,284,069
1998B-1 Single-Family Mortgage Revenue Refunding Bonds	6,365,000	1,314,194
1998B-2 Single-Family Mortgage Revenue Bonds	1,575,000	325,193
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	50,000
2001 Single-Family Mortgage Revenue Bonds	14,160,000	4,454,233
2004A Single-Family Mortgage Revenue & Refunding Bonds	7,837,500	7,837,500

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 \$2,445,115 in the Solid Waste Fund. The total liability represents the cumulative amount reported to date based on the use of 41.5% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post closure care of \$3,446,728 as the remaining estimated capacity is filled. 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.

During 2005, the City received a new engineering estimate of the landfill's closure and post closure costs. Based on this estimate the recorded liability was reduced from \$2,915,000 to \$2,445,115.

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

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 Receivables, Payables, and Transfers

The composition of interfund balances as of September 30, 2005, is as follows

1) **Due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service	\$ 568,873
	Municipal Airport	37,413
	Community Block Development Grants	374,675
Total		<u>\$ 980,961</u>

Outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2005

2) **Interfund transfers:**

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

	Transfers in					
	General Fund	Park Venue	Section 8	Street Improvements	Debt Service	Nonmajor Governmental Funds
<u>Transfers out:</u>						
General fund	\$ -	\$ 6,901,818	\$ 30,335	\$ -	\$ -	\$ 2,068,770
Park venue	53,620	-	-	-	-	125,651
Section 8	109,863	-	-	-	50,000	-
Street improvements	-	-	-	-	-	655,196
Debt service	-	538,674	-	-	-	334,518
Nonmajor						
governmental funds	495,141	98,410	-	3,614,038	262,650	2,953,211
Internal service funds	123,937	-	-	-	-	4,100
Water/wastewater	156,512	-	-	-	-	1,006,936
Solid waste	83,468	-	-	-	-	703,419
Nonmajor						
enterprise funds	20,162	-	-	-	-	1,100,000
Total	<u>\$ 1,042,703</u>	<u>\$ 7,538,902</u>	<u>\$ 30,335</u>	<u>\$ 3,614,038</u>	<u>\$ 312,650</u>	<u>\$ 8,951,801</u>

	Transfers in			
	Internal Service Funds	Water Wastewater	Municipal Golf	Total
<u>Transfers out:</u>				
General fund	\$ -	\$ 51,331	\$ 233,830	\$ 9,286,084
Park venue	-	-	-	179,271
Section 8	-	-	-	159,863
Street improvements	-	-	-	655,196
Debt service	-	-	666,263	1,539,455
Nonmajor				
governmental funds	25,467	1,740,000	28,763	9,217,680
Internal service funds	-	-	-	128,037
Water/wastewater	-	-	-	1,163,448
Solid waste	-	480,757	-	1,267,644
Nonmajor				
enterprise funds	-	-	-	1,120,162
Total	<u>\$ 25,467</u>	<u>\$ 2,272,088</u>	<u>\$ 928,856</u>	<u>\$ 24,716,840</u>

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

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:

Fund	Amount
Water and Wastewater Funds	\$ 1,794,846
Solid Waste Funds	190,321
Section 8 Housing Grant Fund	139,985
CDBG Funds	54,600
Storm Water Funds	23,393
Grant Fund	54,545
Total to General Fund	\$ 2,257,690

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:

Fund	Amount
Water and Wastewater Fund	\$ 1,299,911
Solid Waste Fund	530,075
Storm Water Fund	75,440
Total	\$ 1,905,426

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:

Fund	Amount
Water and Wastewater Fund	\$ 780,252
Solid Waste Fund	67,338
Total	\$ 847,590

e. Leases

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

Year	Amount
2006	\$ 1,320,000
2007	1,419,000
2008	1,452,000
2009	1,452,000
2010	1,452,000
Thereafter	28,957,284
	36,052,284
Less interest	(19,708,485)
Net present value	\$ 16,343,799

CITY OF GRAND PRAIRIE, TEXAS

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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 of the Facility is recorded as estimated unguaranteed residual value of the lease. Its fair value is estimated to be approximately equal to the differences between the original cost plus capitalized improvements of the Facility, net of what accumulated depreciation would be, and the fixed lease payments receivable. Therefore, this amount is being amortized over the life of the lease (30 years). Amortization for the year ended September 30, 2005 was \$3,257,973. Additional contingent rentals are recorded as revenue when received. During the year ended September 30, 2005, the Corporation incurred additional costs for improvements to the leased facilities of \$484,136. This amount increased the unguaranteed residual value of the lease. Management believes that there have been no events which impaired the residual value of the lease.

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

	<u>2005</u>
Nominal interest on the lease	\$ 1,320,000
Amortization of the lease	<u>(28,113)</u>
Net interest	1,291,887
Contingent rentals received (includes rent for simulcast facility prior to completion of project)	<u>476,008</u>
Total lease rental and interest	<u><u>\$ 1,767,895</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 2004-2005. 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 Sports 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, 2005. The City’s total committed but unexpended expenditures for such authorized capital projects at year-end approximates \$38,800,000. Funding for these contracts will be received through various capital projects funds and enterprise funds.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

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. 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	\$ 2,388,029
Capital assets	5,317,577
Total assets	<u>7,705,606</u>
Current liabilities	204,775
Long term liabilities	2,411,739
Total liabilities	<u>2,616,514</u>
Net assets invested in capital assets, net of related debt	2,827,577
Net assets restricted for debt service	99,080
Unrestricted net assets	2,162,435
Total net assets	<u><u>\$ 5,089,092</u></u>
<u>Condensed statement of revenue, expense and changes in net assets:</u>	
Sales to customers	\$ 1,230,256
Other revenue	788,727
Total operating revenue	<u>2,018,983</u>
Depreciation	301,393
Other operating expense	1,376,035
Total operating expense	<u>1,677,428</u>
Investment income	2,678
Interest expense	(126,980)
Total nonoperating revenue (expense)	<u>(124,302)</u>
Change in net assets	217,253
Net assets at the beginning of the year	4,871,839
Net assets at the end of the year	<u><u>\$ 5,089,092</u></u>
<u>Condensed statement of cash flows:</u>	
Net cash provided (used) by:	
Operating activities	\$ 656,124
Capital and related financing activities	(653,655)
Investing activities	3,243
Beginning cash and cash equivalent balances	1,884,673
Ending cash and cash equivalent balances	<u><u>\$ 1,890,386</u></u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

6. CONDENSED INFORMATION FOR COMPONENT UNITS

A condensed Statement of Net Assets and condensed Statement of Revenues, Expenses, and Changes in Net Assets for the Grand Prairie Sports Facilities Development Corporation, Inc follows (in thousands):

	<u>2005</u>
Assets	
Current assets	\$ 7,486
Lease payments receivable	15,024
Deferred charges	355
Furniture, fixtures, and equipment	26
Estimated unguaranteed residual value	<u>70,489</u>
Total assets	<u>93,380</u>
Liabilities	
Current liabilities	4,832
Long-term debt	<u>7,447</u>
Total Liabilities	<u>12,279</u>
Net assets	
Invested in capital assets	26
Restricted for debt service	446
Restricted for lease - net of related debt	74,911
Unrestricted	<u>5,718</u>
Total net assets	<u>\$ 81,101</u>
Operating revenues	\$ 1,768
Operating expenses	<u>3,423</u>
Operating loss	(1,655)
Non-operating revenues	5,151
Contribution to City of Grand Prairie	(1,600)
Contributions	<u>242</u>
Net income	2,138
Beginning net assets	<u>78,963</u>
Ending net assets	<u>\$ 81,101</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2005

A condensed Statement of Net Assets and condensed Statement of Revenues, Expenses, and Changes in Net Assets for the Grand Prairie Housing Finance Corporation follows:

Assets	2004
Current assets	\$ 477,547
Restricted assets	5,783,959
Capital assets	16,478,281
Total assets	<u>22,739,787</u>
Liabilities	
Current liabilities	67,217
Long-term liabilities	16,472,825
Total liabilities	<u>16,540,042</u>
Net assets	
Invested in capital assets	4,882,626
Restricted assets	258,333
Unrestricted assets	449,786
Total net assets	<u>\$ 5,590,745</u>
Operating revenues	\$ 2,579,872
Operating expenses	<u>2,739,020</u>
Operating loss	(159,148)
Non-operating income	<u>118,465</u>
Net income	(40,683)
Beginning net assets	<u>5,631,428</u>
Ending net assets	<u>\$ 5,590,745</u>

7. SUBSEQUENT EVENTS

On March 21, 2006 the City issued:

- ♦ \$3,300,000 in General Obligation Bonds, Series 2006 for facility and infrastructure improvements.
- ♦ \$10,020,000 in Combination Tax and Revenue Certificates of Obligation, Series 2006 for equipment, facility, and infrastructure improvements.
- ♦ \$4,840,000 in Water and Wastewater System Revenue Bonds, Series 2006 for water and wastewater system improvements.



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REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF GRAND PRAIRIE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE (Unaudited)
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	Budget		Actual		Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final	GAAP Basis	Adjustments		
	REVENUE					
Property tax	\$32,995,025	\$32,995,025	\$33,166,388	\$ (52,168)	\$33,114,220	\$ 119,195
Sales tax	16,461,730	16,461,730	16,531,323	68,645	16,599,968	138,238
Other taxes	238,155	238,155	233,394	-	233,394	(4,761)
Franchise fees	9,565,502	9,565,502	9,870,488	(249)	9,870,239	304,737
Charges for goods and services	4,048,510	4,048,510	4,412,459	-	4,412,459	363,949
Licenses and permits	2,197,200	2,197,200	2,631,458	-	2,631,458	434,258
Fines and forfeits	4,556,140	4,556,140	5,219,937	-	5,219,937	663,797
Intergovernmental revenue	554,615	554,615	518,540	-	518,540	(36,075)
General and administrative costs	2,204,690	2,204,690	2,257,690	-	2,257,690	53,000
Investment income	167,450	167,450	147,586	-	147,586	(19,864)
Other	306,061	306,061	650,925	-	650,925	344,864
Total revenue	<u>73,295,078</u>	<u>73,295,078</u>	<u>75,640,188</u>	<u>16,228</u>	<u>75,656,416</u>	<u>2,016,474</u>
EXPENDITURES						
Current operations:						
Support services	10,411,348	9,847,864	8,304,627	1,069,136	9,373,763	474,101
Public safety services	43,249,850	44,595,670	44,679,188	(103,424)	44,575,764	19,906
Recreation and leisure services	1,751,416	1,785,376	1,752,679	13,107	1,765,786	19,590
Development services and other services	12,108,748	12,146,268	11,594,375	104,011	11,698,386	447,882
Capital outlay	581,000	581,000	667,363	-	667,363	(86,363)
Total Expenditures	<u>68,102,362</u>	<u>68,956,178</u>	<u>66,998,232</u>	<u>1,082,830</u>	<u>68,081,062</u>	<u>875,116</u>
Excess (deficiency) of revenue over (under) expenditures	<u>5,192,716</u>	<u>4,338,900</u>	<u>8,641,956</u>	<u>(1,066,602)</u>	<u>7,575,354</u>	<u>1,141,358</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	1,751,454	1,751,454	1,042,703	-	1,042,703	(708,751)
Transfers out	(9,707,517)	(9,689,527)	(9,286,084)	-	(9,286,084)	403,443
Total other financing sources (uses)	<u>(7,956,063)</u>	<u>(7,938,073)</u>	<u>(8,243,381)</u>	<u>-</u>	<u>(8,243,381)</u>	<u>(305,308)</u>
Net change in fund balance	<u>(2,763,347)</u>	<u>(3,599,173)</u>	<u>398,575</u>	<u>(1,066,602)</u>	<u>(668,027)</u>	<u>836,050</u>
Fund balance - beginning of year - as previously stated	19,138,272	19,138,272	19,138,272	-	19,138,272	-
Prior period adjustment (Note 1.f.)	-	-	(1,823,809)	1,823,809	-	-
Fund balance - beginning of year - as restated	<u>19,138,272</u>	<u>19,138,272</u>	<u>17,314,463</u>	<u>1,823,809</u>	<u>19,138,272</u>	<u>-</u>
Fund balance - end of the year	<u>\$16,374,925</u>	<u>\$15,539,099</u>	<u>\$17,713,038</u>	<u>\$ 757,207</u>	<u>\$18,470,245</u>	<u>\$ 836,050</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
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
PARK VENUE FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

			Actual		Budgetary Basis	Variance with Final Budget-Positive (Negative)
	Original	Final	GAAP Basis	Adjustments		
REVENUE						
Sales tax	\$ 4,115,432	\$ 4,115,432	\$ 4,151,075	\$ (17,161)	\$ 4,133,914	\$ 18,482
Charges for goods and services	1,538,964	1,538,964	1,336,461	-	1,336,461	(202,503)
General and administrative revenue	-	-	-	-	-	-
Investment Income	88,311	88,311	49,264	-	49,264	(39,047)
Contributions	100,000	100,000	1,615,242	-	1,615,242	1,515,242
Other	439,211	439,211	412,525	-	412,525	(26,686)
Total revenue	<u>6,281,918</u>	<u>6,281,918</u>	<u>7,564,567</u>	<u>(17,161)</u>	<u>7,547,406</u>	<u>1,265,488</u>
EXPENDITURES						
Current operations:						
Recreation and leisure services	9,145,548	9,085,970	8,898,808	42,162	8,940,970	145,000
Capital outlay	4,344,609	4,344,609	4,344,609	-	4,344,609	-
Debt service:						
Principal retirement	772,502	982,502	982,502	-	982,502	-
Interest expense	2,085,939	2,314,089	2,421,532	-	2,421,532	(107,443)
Total expenditures	<u>16,348,598</u>	<u>16,727,170</u>	<u>16,647,451</u>	<u>42,162</u>	<u>16,689,613</u>	<u>37,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,066,680)</u>	<u>(10,445,252)</u>	<u>(9,082,884)</u>	<u>(59,323)</u>	<u>(9,142,207)</u>	<u>1,303,045</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	7,461,222	7,461,222	7,538,902	-	7,538,902	77,680
Transfers out	(179,271)	(179,271)	(179,271)	-	(179,271)	-
Discount on refunding debt	-	-	(77,175)	-	(77,175)	(77,175)
Bond refunding issued	6,705,000	6,705,000	6,705,000	-	6,705,000	-
Payment for refunded debt	(5,990,000)	(5,990,000)	(5,990,000)	-	(5,990,000)	-
Total other financing sources (uses)	<u>7,996,951</u>	<u>7,996,951</u>	<u>7,997,456</u>	<u>-</u>	<u>7,997,456</u>	<u>505</u>
Net change in fund balance	(2,069,729)	(2,448,301)	(1,085,428)	(59,323)	(1,144,751)	1,303,550
Fund balance - beginning of the year	14,934,509	14,934,509	14,934,509	-	14,934,509	-
Fund balance - end of the year	<u>\$ 12,864,780</u>	<u>\$ 12,486,208</u>	<u>\$ 13,849,081</u>	<u>\$ (59,323)</u>	<u>\$ 13,789,758</u>	<u>\$ 1,303,550</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
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SECTION 8 FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

			Actual		Variance with Final Budget- Positive (Negative)	
	Original	Final	GAAP Basis	Budgetary Basis		
REVENUE						
Intergovernmental revenue	\$19,316,046	\$19,316,046	\$19,316,046	\$ -	\$19,316,046	\$ -
Investment income	895	895	(491)	-	(491)	(1,386)
Other	63,805	63,805	65,449	-	65,449	1,644
Total revenue	<u>19,380,746</u>	<u>19,380,746</u>	<u>19,381,004</u>	<u>-</u>	<u>19,381,004</u>	<u>258</u>
EXPENDITURES						
Current operations:						
Development services	19,911,162	19,911,162	18,905,991	1,037,898	19,943,889	(32,727)
Capital Outlay	565,000	565,000	563,636	-	563,636	1,364
Total expenditures	<u>20,476,162</u>	<u>20,476,162</u>	<u>19,469,627</u>	<u>1,037,898</u>	<u>20,507,525</u>	<u>(31,363)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,095,416)</u>	<u>(1,095,416)</u>	<u>(88,623)</u>	<u>(1,037,898)</u>	<u>(1,126,521)</u>	<u>(31,105)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	30,335	30,335	30,335	-	30,335	-
Transfers out	(159,863)	(159,863)	(159,863)	-	(159,863)	-
Total other financing sources (uses)	<u>(129,528)</u>	<u>(129,528)</u>	<u>(129,528)</u>	<u>-</u>	<u>(129,528)</u>	<u>-</u>
Net change in fund balance	<u>(1,224,944)</u>	<u>(1,224,944)</u>	<u>(218,151)</u>	<u>(1,037,898)</u>	<u>(1,256,049)</u>	<u>(31,105)</u>
Fund balance - beginning of the year	<u>773,438</u>	<u>773,438</u>	<u>773,438</u>	<u>-</u>	<u>773,438</u>	<u>-</u>
Fund balance - end of the year	<u>\$ (451,506)</u>	<u>\$ (451,506)</u>	<u>\$ 555,287</u>	<u>\$ (1,037,898)</u>	<u>\$ (482,611)</u>	<u>\$ (31,105)</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)**

Fiscal Year	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Liability (AAL) (2) - (1)	(5) Covered Payroll
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
2005	12/31/2004	152,470,087	187,718,712	81.20%	35,248,625	52,997,624

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 (4)/(5)	Annual Required Contributions	Actual Contributions
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
66.50%	7,222,849	7,222,849



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**COMBINING
AND INDIVIDUAL
FUND
STATEMENTS AND
SCHEDULES**



COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

(UNAUDITED)

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 12 PIDs. The PIDs maintain landscaping and fencing in public area with the districts.

(continued)

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

(Unaudited)

The nine Capital Projects Funds are used to account for all major capital improvements which are financed by the

- ◆ 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 (UNAUDITED)
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005**

	Special Revenue Funds							
	Grants	Community Development Block Grants	Home Match Cash Fund	Hotel/Motel Tax Fund	Cemetery	Police Seizure	Cable Operations	Municipal Court
ASSETS								
Cash and cash equivalents	\$ 629,016	\$ -	\$ 2,515	\$ 10,559	\$ 639,002	\$ 248,393	\$ 18,222	\$ 29,446
Investments	1,223,167	-	382,551	509,585	-	109,960	205,844	275,618
Sales tax receivable	-	-	-	-	-	-	-	-
Other receivables	-	-	-	149,011	-	-	-	60
Due from other governments	712,246	426,449	-	-	-	-	-	-
Total assets	\$ 2,564,429	\$ 426,449	\$ 385,066	\$ 669,155	\$ 639,002	\$ 358,353	\$ 224,066	\$ 305,124
LIABILITIES AND FUND BALANCE								
Liabilities :								
Accounts payable	\$ 340,780	\$ 44,383	\$ 67	\$ -	\$ 15,581	\$ 2,553	\$ 6,646	\$ -
Accrued liabilities	47,110	22,283	239,044	7,153	8,597	-	2,191	2,312
Interfund payables	-	374,675	-	-	-	-	-	-
Deferred revenue	54,857	1,070	-	-	-	-	-	-
Total liabilities	442,747	442,411	239,111	7,153	24,178	2,553	8,837	2,312
Fund balance:								
Reserved for:								
Encumbrances	1,431,451	206,355	10,818	4,835	3,000	43,826	5,941	199,858
Unreserved, designated for:								
Capital projects	-	-	-	-	-	-	-	-
Unreserved, undesignated in:								
Special revenue funds	690,231	(222,317)	135,137	657,167	611,824	311,974	209,288	102,954
Total fund balance	2,121,682	(15,962)	145,955	662,002	614,824	355,800	215,229	302,812
Total liabilities and fund balance	\$ 2,564,429	\$ 426,449	\$ 385,066	\$ 669,155	\$ 639,002	\$ 358,353	\$ 224,066	\$ 305,124

(Continued)

Special Revenue Funds

<u>Street Maintenance</u>	<u>Employee Welfare</u>	<u>Expendable Fund</u>	<u>Tax Increment Financing Districts</u>	<u>Lake Parks</u>	<u>Library Memorials</u>	<u>Theater</u>	<u>Pooled Investments</u>	<u>Public Improvement Districts</u>	<u>Total Special Revenue Funds</u>
\$ 749,813	\$ 14,430	\$ 753,689	\$ 1,068,466	\$ 592,311	\$ 1,352	\$ 94,965	\$ 236,810	\$ 186,715	\$ 5,275,704
1,978,581	-	338,903	528,611	4,052,061	45,200	2,005,256	1,131,006	189,730	12,976,073
737,924	-	-	-	-	-	-	-	-	737,924
-	-	-	-	325,000	-	-	617,166	8,576	1,099,813
-	-	-	-	-	-	-	-	-	1,138,695
<u>\$ 3,466,318</u>	<u>\$ 14,430</u>	<u>\$ 1,092,592</u>	<u>\$ 1,597,077</u>	<u>\$ 4,969,372</u>	<u>\$ 46,552</u>	<u>\$ 2,100,221</u>	<u>\$ 1,984,982</u>	<u>\$ 385,021</u>	<u>\$ 21,228,209</u>
\$ 526,045	\$ -	\$ 3,361	\$ -	\$ 23,273	\$ 129	\$ -	\$ 6,069	\$ 1,572	\$ 970,459
-	-	537,018	16,032	30,592	-	-	169,465	5,035	1,086,832
-	-	-	-	-	-	-	-	-	374,675
-	-	-	-	-	-	-	-	-	55,927
<u>526,045</u>	<u>-</u>	<u>540,379</u>	<u>16,032</u>	<u>53,865</u>	<u>129</u>	<u>-</u>	<u>175,534</u>	<u>6,607</u>	<u>2,487,893</u>
1,688,736	-	-	-	30,000	-	-	-	-	3,624,820
-	-	-	-	-	-	-	-	-	-
<u>1,251,537</u>	<u>14,430</u>	<u>552,213</u>	<u>1,581,045</u>	<u>4,885,507</u>	<u>46,423</u>	<u>2,100,221</u>	<u>1,809,448</u>	<u>378,414</u>	<u>15,115,496</u>
<u>2,940,273</u>	<u>14,430</u>	<u>552,213</u>	<u>1,581,045</u>	<u>4,915,507</u>	<u>46,423</u>	<u>2,100,221</u>	<u>1,809,448</u>	<u>378,414</u>	<u>18,740,316</u>
<u>\$ 3,466,318</u>	<u>\$ 14,430</u>	<u>\$ 1,092,592</u>	<u>\$ 1,597,077</u>	<u>\$ 4,969,372</u>	<u>\$ 46,552</u>	<u>\$ 2,100,221</u>	<u>\$ 1,984,982</u>	<u>\$ 385,021</u>	<u>\$ 21,228,209</u>

(Continued)

**CITY OF GRAND PRAIRIE, TEXAS
BALANCE SHEET (UNAUDITED)
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2005**

Capital Projects Funds

	Fire Station	Police Station	Storm Drainage	Library Improvements	Capital Reserve	Street Projects	Equipment Acquisition
ASSETS							
Cash and cash equivalents	\$ 339,707	\$ 4,935	\$ 24,610	\$ 3,832	\$ 121,283	\$ 98,402	\$ 10,951
Investments	367,938	169,529	4,599,142	21,418	356,413	2,680,644	557,348
Sales tax receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	\$ 707,645	\$ 174,464	\$ 4,623,752	\$ 25,250	\$ 477,696	\$ 2,779,046	\$ 568,299
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 25,531	\$ 67,990	\$ 75,450	\$ -	\$ 5,477	\$ 908	\$ 545
Accrued liabilities	-	-	-	-	-	175,103	1,212
Interfund payables	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	25,531	67,990	75,450	-	5,477	176,011	1,757
Fund Balance:							
Reserved for:							
Encumbrances	294,957	255,918	3,348,591	17,847	72,804	-	412,041
Unreserved, designated for:							
Capital Projects	387,157	(149,444)	1,199,711	7,403	399,415	2,603,035	155,713
Unreserved, undesignated in:							
Special revenue funds	-	-	-	-	-	-	(1,212)
Total fund balance	682,114	106,474	4,548,302	25,250	472,219	2,603,035	566,542
Total liabilities and fund balance	\$ 707,645	\$ 174,464	\$ 4,623,752	\$ 25,250	\$ 477,696	\$ 2,779,046	\$ 568,299

(Continued)

Capital Projects Funds			
Certificates of Obligation	Municipal Facilities	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 3,307	\$ 17,532	\$ 624,559	\$ 5,900,263
319,509	2,733,949	11,805,890	24,781,963
-	-	-	737,924
-	-	-	1,099,813
-	-	-	1,138,695
<u>\$ 322,816</u>	<u>\$ 2,751,481</u>	<u>\$ 12,430,449</u>	<u>\$ 33,658,658</u>
\$ -	\$ 292,807	\$ 468,708	\$ 1,439,167
-	2,571	178,886	1,265,718
-	-	-	374,675
-	-	-	55,927
<u>-</u>	<u>295,378</u>	<u>647,594</u>	<u>3,135,487</u>
166,875	776,155	5,345,188	8,970,008
155,941	1,682,519	6,441,450	6,441,450
-	(2,571)	(3,783)	15,111,713
<u>322,816</u>	<u>2,456,103</u>	<u>11,782,855</u>	<u>30,523,171</u>
<u>\$ 322,816</u>	<u>\$ 2,751,481</u>	<u>\$ 12,430,449</u>	<u>\$ 33,658,658</u>

(Concluded)

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE (UNAUDITED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Special Revenue Funds

	Grants	Community Development Block Grants	Home Match Cash Fund	Hotel/Motel Tax Fund	Cemetery	Police Seizure	Cable Operations	Municipal Court
REVENUE								
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	827,590	-	-	-	-
Charges for goods and service	3,928	-	-	11,562	646,373	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	242,116
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenue	2,418,962	2,316,819	-	-	-	59,733	-	-
Investment income	(1,941)	-	(922)	1,802	13,837	1,148	(940)	2,002
Contributions	5,750	-	-	-	-	4,480	-	-
Other	-	-	-	-	2,195	324,297	283,669	-
Total revenue	2,426,699	2,316,819	(922)	840,954	662,405	389,658	282,729	244,118
EXPENDITURES								
Current operations:								
Support services	-	-	-	639,620	-	-	87,636	-
Public safety services	1,208,512	-	-	-	-	157,405	-	133,012
Recreation and leisure services	59,079	-	-	21,994	422,612	-	-	-
Development services and other	1,024,954	1,803,851	4,242	-	-	-	-	-
Capital outlay	2,453,759	353,678	-	-	33,468	-	-	156,503
Debt service:								
Principal retirement	-	-	-	-	95,000	-	-	-
Interest expense	-	-	-	-	170,235	-	-	-
Total expenditures	4,746,304	2,157,529	4,242	661,614	721,315	157,405	87,636	289,515
Excess (deficiency) of revenue over (under) expenditures	(2,319,605)	159,290	(5,164)	179,340	(58,910)	232,253	195,093	(45,397)
OTHER FINANCING SOURCES (USES):								
Transfers in	1,484,549	10,000	-	-	334,518	-	-	-
Transfers out	(97,110)	(226,744)	-	(141,963)	-	-	-	(18,489)
Sales of capital assets	-	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,387,439	(216,744)	-	(141,963)	334,518	-	-	(18,489)
Net change in fund balance	(932,166)	(57,454)	(5,164)	37,377	275,608	232,253	195,093	(63,886)
Fund balance - beginning of year	3,053,848	41,492	151,119	624,625	339,216	123,547	20,136	366,698
Fund balance - end of year	\$ 2,121,682	\$ (15,962)	\$ 145,955	\$ 662,002	\$ 614,824	\$ 355,800	\$ 215,229	\$ 302,812

(Continued)

Special Revenue Funds

Street Maintenance	Employee Welfare	Expendable Fund	Tax Increment Financing Districts	Lake Parks	Library Memorial	Theater	Pooled Investments	Public Improvement Districts	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ 4,084,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,084,451
4,151,075	-	-	-	-	-	-	-	-	4,151,075
-	-	-	-	-	-	-	-	-	827,590
-	-	29,842	-	768,744	384	-	-	-	1,460,833
-	-	-	-	148,463	-	-	-	-	148,463
-	-	-	-	-	-	-	-	-	242,116
-	-	-	-	-	-	-	-	641,636	641,636
-	-	15,268	-	-	-	-	-	7,284	4,818,066
11,619	555	19,649	85,124	18,833	1,064	40,308	1,990,385	8,630	2,191,153
-	14,262	133,788	-	1,106,259	19,661	-	-	58,087	1,342,287
-	-	378,920	-	13,314	-	1,040,226	-	129	2,042,750
<u>4,162,694</u>	<u>14,817</u>	<u>577,467</u>	<u>4,169,575</u>	<u>2,055,613</u>	<u>21,109</u>	<u>1,080,534</u>	<u>1,990,385</u>	<u>715,766</u>	<u>21,950,420</u>
-	24,876	286,233	658,258	-	-	-	516,803	620,519	2,833,945
-	-	77,509	-	-	-	-	-	-	1,576,438
-	-	61,087	-	1,206,529	-	-	-	-	1,771,301
-	-	44,273	-	-	18,898	-	-	-	2,896,218
5,566,617	-	18,664	83,027	98,252	6,006	-	-	126,508	8,896,482
-	-	-	405,000	-	-	505,000	-	-	1,005,000
-	-	-	272,987	-	-	519,203	150,000	-	1,112,425
<u>5,566,617</u>	<u>24,876</u>	<u>487,766</u>	<u>1,419,272</u>	<u>1,304,781</u>	<u>24,904</u>	<u>1,024,203</u>	<u>666,803</u>	<u>747,027</u>	<u>20,091,809</u>
<u>(1,403,923)</u>	<u>(10,059)</u>	<u>89,701</u>	<u>2,750,303</u>	<u>750,832</u>	<u>(3,795)</u>	<u>56,331</u>	<u>1,323,582</u>	<u>(31,261)</u>	<u>1,858,611</u>
1,247,590	-	4,100	-	-	-	-	72,162	125,651	3,278,570
(816,995)	-	(25,467)	(4,289,378)	(60,703)	(10,270)	-	(145,652)	-	(5,832,771)
-	-	-	-	-	-	-	-	-	-
-	-	-	710,000	-	-	-	-	-	710,000
<u>430,595</u>	<u>-</u>	<u>(21,367)</u>	<u>(3,579,378)</u>	<u>(60,703)</u>	<u>(10,270)</u>	<u>-</u>	<u>(73,490)</u>	<u>125,651</u>	<u>(1,844,201)</u>
(973,328)	(10,059)	68,334	(829,075)	690,129	(14,065)	56,331	1,250,092	94,390	14,410
<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>\$ 2,940,273</u>	<u>\$ 14,430</u>	<u>\$ 552,213</u>	<u>\$ 1,581,045</u>	<u>\$ 4,915,507</u>	<u>\$ 46,423</u>	<u>\$ 2,100,221</u>	<u>\$ 1,809,448</u>	<u>\$ 378,414</u>	<u>\$ 18,740,316</u>

(Continued)

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE (UNAUDITED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

Capital Projects Funds

	Fire Station	Police Station	Storm Drainage	Library Improvements	Capital Reserve	Street Projects	Equipment Acquisition
REVENUE							
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Charges for goods and service	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	100,548	-
Intergovernmental revenue	-	-	-	-	-	-	-
Investment income	5,080	86,854	(83,490)	1,201	30,137	59,233	6,702
Contributions	-	-	-	-	-	4,618,340	-
Other	-	-	-	-	-	817	-
Total revenue	<u>5,080</u>	<u>86,854</u>	<u>(83,490)</u>	<u>1,201</u>	<u>30,137</u>	<u>4,778,938</u>	<u>6,702</u>
EXPENDITURES							
Current operations:							
Support services	-	-	-	-	-	-	104,917
Public safety services	265	3,605	-	-	44,670	-	-
Recreation and leisure services	-	-	-	-	34,505	-	-
Development services and other	-	-	-	-	75,500	65,402	-
Capital outlay	1,836,703	896,063	3,360,541	119,014	325,208	2,145,297	870,525
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Total expenditures	<u>1,836,968</u>	<u>899,668</u>	<u>3,360,541</u>	<u>119,014</u>	<u>479,883</u>	<u>2,210,699</u>	<u>975,442</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,831,888)</u>	<u>(812,814)</u>	<u>(3,444,031)</u>	<u>(117,813)</u>	<u>(449,746)</u>	<u>2,568,239</u>	<u>(968,740)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	51,000	58,833	2,290,573	-	1,542,866	-	870,000
Transfers out	-	-	(297,521)	-	(1,236,338)	(1,376,561)	(441,893)
Sales of capital assets	-	-	-	-	47,967	-	-
Bonds issued	1,752,644	-	533,771	-	-	-	500,000
Total other financing sources (uses)	<u>1,803,644</u>	<u>58,833</u>	<u>2,526,823</u>	<u>-</u>	<u>354,495</u>	<u>(1,376,561)</u>	<u>928,107</u>
Net change in fund balance	(28,244)	(753,981)	(917,208)	(117,813)	(95,251)	1,191,678	(40,633)
Fund balance - beginning 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>
Fund balance - end of year	<u>\$ 682,114</u>	<u>\$ 106,474</u>	<u>\$ 4,548,302</u>	<u>\$ 25,250</u>	<u>\$ 472,219</u>	<u>\$ 2,603,035</u>	<u>\$ 566,542</u>

(Continued)

Capital Projects Funds			
Certificates of Obligation	Municipal Facility	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 4,084,451
-	-	-	4,151,075
-	-	-	827,590
-	-	-	1,460,833
-	-	-	148,463
-	-	-	242,116
-	-	100,548	742,184
-	-	-	4,818,066
21,515	(1,704)	125,528	2,316,681
-	1,500,000	6,118,340	7,460,627
-	-	817	2,043,567
<u>21,515</u>	<u>1,498,296</u>	<u>6,345,233</u>	<u>28,295,653</u>
-	102,977	207,894	3,041,839
-	-	48,540	1,624,978
-	-	34,505	1,805,806
-	35,907	176,809	3,073,027
1,275,538	3,153,769	13,982,658	22,879,140
-	-	-	1,005,000
-	-	-	1,112,425
<u>1,275,538</u>	<u>3,292,653</u>	<u>14,450,406</u>	<u>34,542,215</u>
<u>(1,254,023)</u>	<u>(1,794,357)</u>	<u>(8,105,173)</u>	<u>(6,246,562)</u>
127,054	732,905	5,673,231	8,951,801
(32,596)	-	(3,384,909)	(9,217,680)
-	-	47,967	47,967
-	256,250	3,042,665	3,752,665
<u>94,458</u>	<u>989,155</u>	<u>5,378,954</u>	<u>3,534,753</u>
<u>(1,159,565)</u>	<u>(805,202)</u>	<u>(2,726,219)</u>	<u>(2,711,809)</u>
<u>1,482,381</u>	<u>3,261,305</u>	<u>14,509,074</u>	<u>33,234,980</u>
<u>\$ 322,816</u>	<u>\$ 2,456,103</u>	<u>\$ 11,782,855</u>	<u>\$ 30,523,171</u>

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INDIVIDUAL FUND SCHEDULES

BUDGET TO ACTUAL SCHEDULES (UNAUDITED)

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 (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budget</u>		<u>Actual</u>			<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Adjustments</u>	<u>Budgetary Basis</u>	
REVENUE						
Property tax	\$ 13,105,871	\$ 13,105,871	\$ 12,967,053	\$ -	\$ 12,967,053	\$ (138,818)
Investment income	46,851	46,851	35,987	-	35,987	(10,864)
Total revenue	<u>13,152,722</u>	<u>13,152,722</u>	<u>13,003,040</u>	<u>-</u>	<u>13,003,040</u>	<u>(149,682)</u>
EXPENDITURES						
Current operations:						
Support services	-	-	-	-	-	-
Debt service:						
Principal retirement	8,441,234	9,011,234	9,011,234	-	9,011,234	-
Interest	5,445,067	5,445,067	4,589,735	-	4,589,735	855,332
Total expenditures	<u>13,886,301</u>	<u>14,456,301</u>	<u>13,600,969</u>	<u>-</u>	<u>13,600,969</u>	<u>855,332</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(733,579)</u>	<u>(1,303,579)</u>	<u>(597,929)</u>	<u>-</u>	<u>(597,929)</u>	<u>705,650</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	312,650	312,650	312,650	-	312,650	-
Transfers out	(1,539,455)	(1,539,455)	(1,539,455)	-	(1,539,455)	-
Proceeds from refunding bond issue	10,835,000	10,835,000	10,835,000	-	10,835,000	-
Payments to refunding escrow agent	<u>(10,390,000)</u>	<u>(10,390,000)</u>	<u>(10,390,000)</u>	<u>-</u>	<u>(10,390,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(781,805)</u>	<u>(781,805)</u>	<u>(781,805)</u>	<u>-</u>	<u>(781,805)</u>	<u>-</u>
Net change in fund balance	<u>(1,515,384)</u>	<u>(2,085,384)</u>	<u>(1,379,734)</u>	<u>-</u>	<u>(1,379,734)</u>	<u>705,650</u>
Fund balance - beginning of the year	<u>3,167,064</u>	<u>3,167,064</u>	<u>3,167,064</u>	<u>-</u>	<u>3,167,064</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 1,651,680</u>	<u>\$ 1,081,680</u>	<u>\$ 1,787,330</u>	<u>\$ -</u>	<u>\$ 1,787,330</u>	<u>\$ 705,650</u>

Note: An amendment to the original budget was made due to bonds being issued after the original budget was adopted. Interest expenditures were lower than budgeted due to lower interest paid on refunding.

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL/MOTEL TAX FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Budget		Actual		Variance with Final Budget- Positive (Negative)	
	Original	Final	GAAP Basis	Adjustments		Budgetary Basis
REVENUE						
Other taxes	\$ 840,715	\$ 840,715	\$827,590	\$ -	\$ 827,590	\$ (13,125)
Charges for goods and services	6,910	6,910	11,562	-	11,562	4,652
Investment income	3,574	3,574	1,802	-	1,802	
Contributions	-	-	-	-	-	-
Total revenues	<u>851,199</u>	<u>851,199</u>	<u>840,954</u>	<u>-</u>	<u>840,954</u>	<u>(10,245)</u>
EXPENDITURES						
Current operations:						
Support services	647,042	647,042	639,620	4,835	644,455	2,587
Recreation and leisure services	48,607	48,607	21,994	-	21,994	26,613
Total expenditures	<u>695,649</u>	<u>695,649</u>	<u>661,614</u>	<u>4,835</u>	<u>666,449</u>	<u>29,200</u>
Excess (deficiency) of revenues over (under) expenditures	155,550	155,550	179,340	(4,835)	174,505	18,955
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(141,963)	(141,963)	(141,963)	-	(141,963)	-
Total other financing sources (uses)	<u>(141,963)</u>	<u>(141,963)</u>	<u>(141,963)</u>	<u>-</u>	<u>(141,963)</u>	<u>-</u>
Net changes in fund balance	13,587	13,587	37,377	(4,835)	32,542	18,955
Fund balance - beginning of the year	<u>624,625</u>	<u>624,625</u>	<u>624,625</u>	<u>-</u>	<u>624,625</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 638,212</u>	<u>\$ 638,212</u>	<u>\$662,002</u>	<u>\$ (4,835)</u>	<u>\$ 657,167</u>	<u>\$ 18,955</u>

**CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE SEIZURE FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Budget</u>		<u>Actual</u>		<u>Variance with Final Budget- Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Adjustments</u>		<u>Budgetary Basis</u>
REVENUE						
Intergovernmental revenue	\$ 18,350	\$ 18,350	\$ 59,733	\$ -	\$ 59,733	\$ 41,383
Investment income	694	856	1,148	-	1,148	292
Contributions	2,500	2,500	4,480	-	4,480	1,980
Other	299,959	299,959	324,297	-	324,297	24,338
Total revenue	<u>321,503</u>	<u>321,665</u>	<u>389,658</u>	<u>-</u>	<u>389,658</u>	<u>67,993</u>
EXPENDITURES						
Current operations:						
Public safety services	<u>157,405</u>	<u>157,405</u>	<u>157,405</u>	<u>-</u>	<u>157,405</u>	<u>-</u>
Total expenditures	<u>157,405</u>	<u>157,405</u>	<u>157,405</u>	<u>-</u>	<u>157,405</u>	<u>-</u>
Net change in fund balance	164,098	164,260	232,253	-	232,253	67,993
Fund balance - beginning of the year	<u>123,547</u>	<u>123,547</u>	<u>123,547</u>	<u>-</u>	<u>123,547</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 287,645</u>	<u>\$ 287,807</u>	<u>\$ 355,800</u>	<u>\$ -</u>	<u>\$ 355,800</u>	<u>\$ 67,993</u>

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budget</u>		<u>Actual</u>		<u>Variance with Final Budget- Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Adjustments</u>		<u>Budgetary Basis</u>
REVENUE						
Fines and forfeits	\$ 245,500	\$ 245,500	\$ 242,116	\$ -	\$ 242,116	\$ (3,384)
Investment income	2,558	2,558	2,002	-	2,002	(556)
Total revenues	<u>248,058</u>	<u>248,058</u>	<u>244,118</u>	<u>-</u>	<u>244,118</u>	<u>(3,940)</u>
EXPENDITURES						
Current operations:						
Public Safety	174,055	174,055	133,012	25,000	158,012	16,043
Capital Outlay	300,000	350,000	156,503	174,856	331,359	18,641
Total expenditures	<u>474,055</u>	<u>524,055</u>	<u>289,515</u>	<u>199,856</u>	<u>489,371</u>	<u>34,684</u>
Excess (deficiency) of revenues over (under) expenditures	(225,997)	(275,997)	(45,397)	(199,856)	(245,253)	30,744
OTHER FINANCING SOURCES (USES)						
Transfers out	<u>(18,489)</u>	<u>(18,489)</u>	<u>(18,489)</u>	<u>-</u>	<u>(18,489)</u>	<u>-</u>
Total other financing sources (uses)	<u>(18,489)</u>	<u>(18,489)</u>	<u>(18,489)</u>	<u>-</u>	<u>(18,489)</u>	<u>-</u>
Net change in fund balance	(244,486)	(294,486)	(63,886)	(199,856)	(263,742)	30,744
Fund balance - beginning of the year	<u>366,698</u>	<u>366,698</u>	<u>366,698</u>	<u>-</u>	<u>366,698</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 122,212</u>	<u>\$ 72,212</u>	<u>\$ 302,812</u>	<u>\$ (199,856)</u>	<u>\$ 102,956</u>	<u>\$ 30,744</u>

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
CABLE OPERATIONS FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	<u>Budget</u>		<u>Actual</u>		<u>Variance with Final Budget- Positive (Negative)</u>	
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Adjustments</u>		<u>Budgetary Basis</u>
REVENUE						
Investment income	\$ 257	\$ 257	\$ (940)	\$ -	\$ (940)	\$ (1,197)
Other	277,580	277,580	283,669	-	283,669	6,089
Total revenue	277,837	277,837	282,729	-	282,729	4,892
EXPENDITURES						
Current operations:						
Support services	77,033	89,033	87,636	-	87,636	1,397
Capital Outlay	-	6,000	-	5,941	5,941	59
Total expenditures	77,033	95,033	87,636	5,941	93,577	1,456
Excess (deficiency) of revenue over (under) expenditures	200,804	182,804	195,093	(5,941)	189,152	6,348
Net change in fund balance	200,804	182,804	195,093	(5,941)	189,152	6,348
Fund balance - beginning of the year	20,136	20,136	20,136	-	20,136	-
Fund balance - end of the year	\$ 220,940	\$ 202,940	\$ 215,229	\$ (5,941)	\$ 209,288	\$ 6,348

COMBINING FINANCIAL STATEMENTS

NON-MAJOR ENTERPRISE FUNDS (UNAUDITED)

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 (UNAUDITED)
SEPTEMBER 30, 2005

	Municipal Airport	Storm Water Utility	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,752,840	\$ 506,828	\$ 2,259,668
Investments	356,191	300,230	656,421
Accounts receivables	101,332	121,481	222,813
Inventories and supplies	40,120	-	40,120
Current restricted assets:			
Cash and cash equivalents	137,546	-	137,546
Total current assets	<u>2,388,029</u>	<u>928,539</u>	<u>3,316,568</u>
Capital assets:			
Land	183,923	-	183,923
Buildings	2,359,228	-	2,359,228
Equipment	526,754	-	526,754
Infrastructure	5,144,322	4,376,349	9,520,671
Construction in progress	661,180	-	661,180
Less accumulated depreciation	<u>(3,557,830)</u>	<u>(1,322,829)</u>	<u>(4,880,659)</u>
Total capital assets	<u>5,317,577</u>	<u>3,053,520</u>	<u>8,371,097</u>
Total assets	<u>7,705,606</u>	<u>3,982,059</u>	<u>11,687,665</u>
LIABILITIES			
Current liabilities:			
Accounts payable	17,394	30,210	47,604
Accrued liabilities	9,543	-	9,543
Accrued compensated absences	12,422	-	12,422
Interfund payables	37,413	-	37,413
Current liabilities payable from restricted assets:			
Accrued liabilities	14,080	-	14,080
Customer deposits	38,466	-	38,466
Current portion of long term debt	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Total current liabilities	<u>214,318</u>	<u>30,210</u>	<u>244,528</u>
Noncurrent liabilities:			
Accrued compensated absences	6,739	-	6,739
Long term debt	<u>2,405,000</u>	<u>-</u>	<u>2,405,000</u>
Total noncurrent liabilities	<u>2,411,739</u>	<u>-</u>	<u>2,411,739</u>
Total liabilities	<u>2,626,057</u>	<u>30,210</u>	<u>2,656,267</u>
NET ASSETS			
Invested in capital assets (net of related debt)	2,827,577	3,053,520	5,881,097
Restricted for debt service	99,080	-	99,080
Unrestricted	<u>2,152,892</u>	<u>898,329</u>	<u>3,051,221</u>
Total net assets	<u>\$ 5,079,549</u>	<u>\$ 3,951,849</u>	<u>\$ 9,031,398</u>

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN FUND NET ASSET (UNAUDITED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005

	Municipal Airport	Storm Water Utility	Total Nonmajor Enterprise Funds
OPERATING REVENUE			
Sales to customers	\$ 1,230,256	\$ 1,892,135	\$ 3,122,391
Intergovernmental revenue	386,900	-	386,900
Miscellaneous	401,827	-	401,827
Total operating revenue	<u>2,018,983</u>	<u>1,892,135</u>	<u>3,911,118</u>
OPERATING EXPENSE			
Salaries and personal benefits	355,812	20,623	376,435
Supplies and miscellaneous purchases	585,735	767	586,502
Purchased services	444,031	465,046	909,077
Miscellaneous	-	7,145	7,145
Depreciation	301,393	218,921	520,314
Franchise Fee	-	75,440	75,440
General and administrative costs	-	23,393	23,393
Total operating expense	<u>1,686,971</u>	<u>811,335</u>	<u>2,498,306</u>
Operating income (loss)	<u>332,012</u>	<u>1,080,800</u>	<u>1,412,812</u>
NONOPERATING REVENUE (EXPENSE)			
Investment income	2,678	2,123	4,801
Interest expense	(126,980)	-	(126,980)
Total nonoperating revenue (expense)	<u>(124,302)</u>	<u>2,123</u>	<u>(122,179)</u>
Income (loss) before transfers	207,710	1,082,923	1,290,633
Transfers out	-	(1,120,162)	(1,120,162)
Change in net assets	207,710	(37,239)	170,471
Net assets - beginning of year	<u>4,871,839</u>	<u>3,989,088</u>	<u>8,860,927</u>
Net assets - end of year	<u>\$ 5,079,549</u>	<u>\$ 3,951,849</u>	<u>\$ 9,031,398</u>

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF CASH FLOWS (UNAUDITED)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Municipal Airport</u>	<u>Storm Water Utility</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,569,958	\$ 1,901,764	\$ 3,471,722
Cash received from other funds for services	64,576	-	64,576
Cash payments to suppliers for goods and services	(1,028,720)	(497,105)	(1,525,825)
Cash payments to employees for services	(360,076)	(21,080)	(381,156)
Cash payments to other funds for services	-	(75,440)	(75,440)
Other operating cash receipts (payments)	400,844	(7,115)	393,729
Net cash provided (used) by operating activities	<u>646,582</u>	<u>1,301,024</u>	<u>1,947,606</u>
Cash flows from noncapital financing activities:			
Transfers to other funds	-	(1,120,162)	(1,120,162)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(1,120,162)</u>	<u>(1,120,162)</u>
Cash flows from capital and related financing activities:			
Capital outlays	(481,675)	-	(481,675)
Interest paid on bonds and line of credit	(126,980)	-	(126,980)
Repayment of principal on bonds	(45,000)	-	(45,000)
Net cash used by capital and related financing activities	<u>(653,655)</u>	<u>-</u>	<u>(653,655)</u>
Cash flows from investing activities:			
Investment earnings received on cash and investments	2,678	2,123	4,801
Purchase of investments	186,903	157,538	344,441
Sale of investments	(186,338)	(157,062)	(343,400)
Net cash provided (used) by investing activities	<u>3,243</u>	<u>2,599</u>	<u>5,842</u>
Net increase (decrease) in cash and cash equivalents	(3,830)	183,461	179,631
Cash and cash equivalents - beginning of year	1,884,673	323,367	2,208,040
Cash and cash equivalents - end of year	<u>\$ 1,880,843</u>	<u>\$ 506,828</u>	<u>\$ 2,387,671</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Net operating income (loss)	\$ 332,012	\$ 1,080,800	\$ 1,412,812
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	301,393	218,921	520,314
Decrease (increase) in other accounts receivable	(20,770)	9,629	(11,141)
Decrease (increase) in inventories and supplies	(164)	-	(164)
Decrease (increase) in accounts payable	1,209	(7,899)	(6,690)
Decrease (increase) in other accrued liabilities	36,430	30	36,460
Decrease (increase) in customer deposits	736	-	736
Decrease (increase) in accrued compensated absences	(4,264)	(457)	(4,721)
Net cash provided (used) by operating activities	<u>\$ 646,582</u>	<u>\$ 1,301,024</u>	<u>\$ 1,947,606</u>

Noncash investing, capital, and financing activities:

The change in fair value of investments was \$(2,297) for the Municipal Airport and \$(1,869) for Storm Water Utility.

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS (UNAUDITED)

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 (UNAUDITED)
INTERNAL SERVICE FUNDS
SEPTEMBER 30,2005

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 552,629	\$ 189,719	\$ 742,348
Investments	215,086	2,809,162	3,024,248
Inventories and supplies	214,691	-	214,691
Current restricted assets:			
Cash and cash equivalents	-	187,000	187,000
Total current assets	<u>982,406</u>	<u>3,185,881</u>	<u>4,168,287</u>
Capital assets:			
Land	737,566	-	737,566
Buildings	1,477,875	-	1,477,875
Equipment	1,923,897	-	1,923,897
Infrastructure	16,672	-	16,672
Less accumulated depreciation	<u>(2,803,638)</u>	<u>-</u>	<u>(2,803,638)</u>
Total noncurrent assets	<u>1,352,372</u>	<u>-</u>	<u>1,352,372</u>
Total assets	<u>2,334,778</u>	<u>3,185,881</u>	<u>5,520,659</u>
LIABILITIES			
Current liabilities:			
Accounts payable	37,883	113,690	151,573
Other accrued liabilities	30,932	2,589,371	2,620,303
Accrued compensated absences	9,131	3,163	12,294
Current liabilities payable from restricted assets:			
Accrued liabilities	-	187,000	187,000
Total current liabilities	<u>77,946</u>	<u>2,893,224</u>	<u>2,971,170</u>
Noncurrent liabilities:			
Accrued compensated absences	<u>8,538</u>	<u>959</u>	<u>9,497</u>
Total noncurrent liabilities	<u>8,538</u>	<u>959</u>	<u>9,497</u>
Total liabilities	<u>86,484</u>	<u>2,894,183</u>	<u>2,980,667</u>
NET ASSETS			
Invested in capital assets (net of related debt)	1,352,372	-	1,352,372
Unrestricted	<u>895,922</u>	<u>291,698</u>	<u>1,187,620</u>
Total net assets (liabilities)	<u>\$ 2,248,294</u>	<u>\$ 291,698</u>	<u>\$ 2,539,992</u>

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF REVENUE, EXPENSE, AND
CHANGES IN FUND NET ASSETS (UNAUDITED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUE			
Sales to customers	\$ 2,954,702	\$ -	\$ 2,954,702
Insurance premiums	-	11,329,883	11,329,883
Miscellaneous	132,383	52,885	185,268
Total operating revenue	<u>3,087,085</u>	<u>11,382,768</u>	<u>14,469,853</u>
OPERATING EXPENSE			
Salaries and personnel benefits	917,807	123,406	1,041,213
Supplies and miscellaneous purchases	1,736,177	2,383	1,738,560
Purchased services	252,809	117,434	370,243
Insurance costs	-	10,520,059	10,520,059
Miscellaneous	4,935	6,616	11,551
Depreciation	271,876	-	271,876
Total operating expense	<u>3,183,604</u>	<u>10,769,898</u>	<u>13,953,502</u>
Operating income (loss)	<u>(96,519)</u>	<u>612,870</u>	<u>516,351</u>
NONOPERATING REVENUE (EXPENSE)			
Investment income	7,657	9,875	17,532
Loss on property disposition	-	(4,349)	(4,349)
Total nonoperating revenue	<u>7,657</u>	<u>5,526</u>	<u>13,183</u>
Income (loss) before contributions and transfers	<u>(88,862)</u>	<u>618,396</u>	<u>529,534</u>
Transfers in	-	25,467	25,467
Transfers out	(8,252)	(119,785)	(128,037)
Change in net assets	<u>(97,114)</u>	<u>524,078</u>	<u>426,964</u>
Net assets at beginning of the year	<u>2,345,408</u>	<u>(232,380)</u>	<u>2,113,028</u>
Net assets at the end of the year	<u>\$ 2,248,294</u>	<u>\$ 291,698</u>	<u>\$ 2,539,992</u>

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF CASH FLOWS (UNAUDITED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 2,954,702	\$ -	\$ 2,954,702
Cash received from other funds for services	-	11,329,883	11,329,883
Cash payments to suppliers for goods and services	(2,021,326)	(10,706,461)	(12,727,787)
Cash payments to employees for services	(917,355)	(122,272)	(1,039,627)
Other operating cash receipts (payments)	159,767	60,338	220,105
Net cash provided (used) by operating activities	<u>175,788</u>	<u>561,488</u>	<u>737,276</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	-	25,467	25,467
Transfers to other funds	(8,252)	(119,785)	(128,037)
Net cash provided (used) by noncapital financing activities	<u>(8,252)</u>	<u>(94,318)</u>	<u>(102,570)</u>
Cash flows from capital and related financing activities:			
Capital outlays	(137,798)	(4,349)	(142,147)
Net cash used by capital and related financing activities	<u>(137,798)</u>	<u>(4,349)</u>	<u>(142,147)</u>
Cash flows from investing activities			
Investment earnings received on cash and investments	7,657	9,875	17,532
Purchase of investments	473,047	(990,713)	(517,666)
Sale of investments	-	-	-
Net cash provided (used) by investing activities	<u>480,704</u>	<u>(980,838)</u>	<u>(500,134)</u>
Net increase (decrease) in cash and cash equivalents	510,442	(518,017)	(7,575)
Cash and cash equivalents - beginning of year	42,187	894,736	936,923
Cash and cash equivalents - end of year	<u>\$ 552,629</u>	<u>\$ 376,719</u>	<u>\$ 929,348</u>

Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:

Net operating income (loss)	\$ (96,519)	\$ 612,870	\$ 516,351
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	271,876	-	271,876
Change in assets and liabilities:			
Decrease (increase) in inventories and supplies	(30,490)	(1,049)	(31,539)
Decrease (increase) in accounts payable	(1,850)	(64,536)	(66,386)
Decrease (increase) in other accrued liabilities	32,319	13,069	45,388
Decrease (increase) in accrued compensated absences	452	1,134	1,586
Net cash provided (used) by operating activities	<u>\$ 175,788</u>	<u>\$ 561,488</u>	<u>\$ 737,276</u>

Noncash investing, capital, and financing activities:

The change in fair value of investments was \$(1,387) for Equipment

**CITY OF GRAND PRAIRIE, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE (UNAUDITED) (SEE NOTE BELOW)
 AS OF SEPTEMBER 30, 2005**

Governmental funds capital assets:

Land	\$ 19,130,900
Buildings	60,464,890
Equipment	51,062,943
Infrastructure	283,223,387
Construction in progress	93,900,453
	<hr/>
Total governmental funds capital assets	<u>\$ 507,782,573</u>

Investment in governmental funds capital assets by source:

Capital projects funds	\$ 85,252,162
General Fund	400,436,350
Special revenue funds	889,854
Private and other	21,204,207
	<hr/>
Total investment	<u>\$ 507,782,573</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 (UNAUDITED) (SEE NOTE
AS OF SEPTEMBER 30, 2005

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
Support Services:					
City Council	\$ -	\$ 8,000	\$ -	\$ 21,151	\$ 29,151
City Manager	1,993,758	3,144,688	386,247	132,897	5,657,590
Budget	-	39,949	10,000	-	49,949
Internal Audit					
City Secretary					
City Attorney	-	-	138,936	-	138,936
Human Resources		248,294	575,655	-	823,949
Information Systems	-	-	1,599,164	643,869	2,243,033
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>4,133,401</u>	<u>1,080,609</u>	<u>38,342,384</u>
Public Safety:					
Fire	536,269	4,016,585	9,709,874	1,145,811	15,408,539
Police	725,971	7,155,090	17,258,627	568,228	25,707,916
Environmental Health	132,862	423,881	327,309	185,310	1,069,362
Municipal Court	186,003	2,261,062	238,753	143,016	2,828,834
Total public safety	<u>1,581,105</u>	<u>13,856,618</u>	<u>27,534,563</u>	<u>2,042,365</u>	<u>45,014,651</u>
Recreation and Leisure:					
Parks and Recreation	10,052,462	8,883,633	4,875,421	10,473,522	34,285,038
Library	49,904	6,141,668	2,710,712	384,581	9,286,865
Total recreation and leisure	<u>10,102,366</u>	<u>15,025,301</u>	<u>7,586,133</u>	<u>10,858,103</u>	<u>43,571,903</u>
Development Services:					
Planning	-	-	155,100	37,940	193,040
Economic Development	-	20,000		461,589	481,589
Housing & Community Development	66,500	236,555	523,768	654,769	1,481,592
Public Works	5,073,119	273,935	281,732	131,945,004	137,573,790
Transportation	110,733	18,132	6,817,770	8,611,252	15,557,887
Streets	64,874	38,178	4,030,476	127,531,756	131,665,284
Total development services	<u>5,315,226</u>	<u>586,800</u>	<u>11,808,846</u>	<u>269,242,310</u>	<u>286,953,182</u>
Total	<u>\$ 19,130,900</u>	<u>\$ 60,464,890</u>	<u>\$ 51,062,943</u>	<u>\$ 283,223,387</u>	<u>\$ 413,882,120</u>
Construction in Progress					<u>93,900,453</u>
Total governmental funds capital assets					<u>\$ 507,782,573</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 OPERATION OF
GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY (UNAUDITED) (SEE NOTE BELOW)
FOR YEAR ENDED SEPTEMBER 30, 2005**

Function and Activity	Balance October 1, 2004	Additions/ Completions	Disposals/ Reclassifications	Balance September 30, 2005
Support Services:				
City Council	\$ 8,000	\$ 21,151	\$ -	\$ 29,151
City Manager	5,657,590	-	-	5,657,590
Budget	49,949	-	-	49,949
City Attorney	138,936	-	-	138,936
Human Resources	823,949	-	-	823,949
Information Systems	1,925,496	341,495	(23,958)	2,243,033
Finance	29,399,776	-	-	29,399,776
Total support services	38,003,696	362,646	(23,958)	38,342,384
Public Safety:				
Fire	13,752,905	1,655,633	-	15,408,538
Police	13,173,819	14,906,397	(2,372,300)	25,707,916
Environmental Health	1,005,083	64,279	-	1,069,362
Municipal Court	2,693,681	135,153	-	2,828,834
Total public safety	30,625,488	16,761,462	(2,372,300)	45,014,650
Recreation and Leisure:				
Parks and Recreation	31,831,596	2,599,844	(146,400)	34,285,040
Library	9,286,865	-	-	9,286,865
Total recreation and leisure	41,118,461	2,599,844	(146,400)	43,571,905
Development Services:				
Planning	90,440	-	-	90,440
Building Inspection	-	102,600	-	102,600
Economic Development	481,589	-	-	481,589
Housing & Community Development	1,481,593	-	-	1,481,593
Public Works	113,780,652	23,793,138	-	137,573,790
Transportation	15,360,304	197,583	-	15,557,887
Streets	127,773,141	3,892,141	-	131,665,282
Total development services	258,967,719	27,985,462	-	286,953,181
Construction in progress	77,209,140	37,954,640	(21,263,327)	93,900,453
Total governmental funds capital assets	\$ 445,924,504	\$ 85,664,054	\$ (23,805,985)	\$ 507,782,573

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
(UNAUDITED)

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 Water and Wastewater Fund, the Solid Waste Fund, the Airport Fund, the Municipal Golf Course Fund, the Park Venue Fund, the Risk Management 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, 2005

	<u>Operating</u>	<u>Debt Service</u>	<u>Water Capital Projects</u>	<u>Rate Stabilization</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1,371,632	\$ 6,158,318	\$ -
Investments	7,784,032	1,808,529	6,879,507	2,427,893
Accounts receivable	2,502,554	-	-	-
Inventories and supplies	399,073	-	-	-
Interfund receivable	-	-	177,246	-
Deferred charges	433,108	-	-	-
Current restricted assets:				
Investments	1,859,410	3,008,166	-	-
Total current assets	<u>12,978,177</u>	<u>6,188,327</u>	<u>13,215,071</u>	<u>2,427,893</u>
Capital assets:				
Land	751,089	-	-	-
Buildings	2,361,045	-	-	-
Equipment	12,477,243	-	-	-
Improvements other than buildings	187,658,043	-	-	-
Construction in progress	12,632,389	-	-	-
Less: Accumulated depreciation	<u>(73,170,833)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>142,708,976</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>155,687,153</u>	<u>6,188,327</u>	<u>13,215,071</u>	<u>2,427,893</u>
LIABILITIES				
Current liabilities:				
Accounts payable	1,760,934	10,900	445,791	-
Accrued liabilities	286,280	-	-	-
Accrued compensated absences	100,151	-	-	-
Interfund payable	332,338	-	-	-
Current liabilities payable from restricted assets:				
Customer deposits	1,859,410	-	-	-
Accrued liabilities	-	442,712	-	-
Current portion of long term debt	<u>2,565,454</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>6,904,567</u>	<u>453,612</u>	<u>445,791</u>	<u>-</u>
Noncurrent liabilities				
Accrued compensated absences	95,141	-	-	-
Long term debt	<u>43,698,218</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>43,793,359</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>50,697,926</u>	<u>453,612</u>	<u>445,791</u>	<u>-</u>
NET ASSETS				
Invested in capital assets (net of related debt)	114,119,805	-	-	-
Restricted for debt service	-	2,998,287	-	-
Unrestricted	<u>(9,130,578)</u>	<u>2,736,428</u>	<u>12,769,280</u>	<u>2,427,893</u>
Total net assets	<u>\$ 104,989,227</u>	<u>\$ 5,734,715</u>	<u>\$ 12,769,280</u>	<u>\$ 2,427,893</u>

Wastewater Capital Projects	Water/ Wastewater Projects	Water/ Wastewater Capital Reserve	Total Water Wastewater
\$ 6,079,491	\$ 250,924	\$ 494	\$ 13,860,859
5,328,746	922,975	74,885	25,226,567
-	-	-	2,502,554
-	-	-	399,073
155,092	-	-	332,338
-	-	-	433,108
-	-	-	4,867,576
<u>11,563,329</u>	<u>1,173,899</u>	<u>75,379</u>	<u>47,622,075</u>
-	-	-	751,089
-	-	-	2,361,045
-	-	-	12,477,243
-	-	-	187,658,043
-	-	-	12,632,389
-	-	-	(73,170,833)
-	-	-	142,708,976
<u>11,563,329</u>	<u>1,173,899</u>	<u>75,379</u>	<u>190,331,051</u>
574,612	-	-	2,792,237
-	-	-	286,280
-	-	-	100,151
-	-	-	332,338
-	-	-	1,859,410
-	-	-	442,712
-	-	-	2,565,454
<u>574,612</u>	<u>-</u>	<u>-</u>	<u>8,378,582</u>
-	-	-	95,141
-	-	-	43,698,218
-	-	-	43,793,359
<u>574,612</u>	<u>-</u>	<u>-</u>	<u>52,171,941</u>
-	-	-	114,119,805
-	-	-	2,998,287
<u>10,988,717</u>	<u>1,173,899</u>	<u>75,379</u>	<u>21,041,018</u>
<u>\$ 10,988,717</u>	<u>\$ 1,173,899</u>	<u>\$ 75,379</u>	<u>\$ 138,159,110</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, 2005**

	<u>Operating</u>	<u>Debt Service</u>	<u>Water Capital Projects</u>	<u>Rate Stabilization</u>
OPERATING REVENUE				
Sales to customers	\$ 19,550,313	\$ -	\$ -	\$ -
Wastewater charges to customers	12,279,020	-	-	-
Water and wastewater fees	1,041,356	-	-	-
Wastewater surcharges	627,143	-	-	-
Miscellaneous	132,838	-	-	-
Total operating revenue	<u>33,630,670</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSE				
Personal Services	4,972,165	-	-	-
Supplies	486,734	-	-	-
Purchased Services	3,299,763	-	14,114	-
Capital outlay	(14,369,794)	-	11,212,602	-
Water purchases	7,051,566	-	-	-
Wastewater treatment	7,831,767	-	-	-
Miscellaneous	108,866	-	-	-
Depreciation	7,707,583	-	-	-
Franchise fees	1,299,911	-	-	-
General and administrative costs	1,794,846	-	-	-
Total operating expense	<u>20,183,407</u>	<u>-</u>	<u>11,226,716</u>	<u>-</u>
Operating income (loss)	<u>13,447,263</u>	<u>-</u>	<u>(11,226,716)</u>	<u>-</u>
NONOPERATING REVENUE (EXPENSES)				
Impact fees	-	-	-	-
Investment income	120,750	(5,748)	108,556	(18,634)
Loss on sale of capital assets	(1,094)	-	-	-
Interest expense	(132,347)	(1,428,953)	-	-
Total nonoperating revenue (expenses)	<u>(12,691)</u>	<u>(1,434,701)</u>	<u>108,556</u>	<u>(18,634)</u>
Income (loss) before transfers and contributions	13,434,572	(1,434,701)	(11,118,160)	(18,634)
Transfers in	2,672,957	3,873,643	14,114,662	-
Transfers out	(23,131,928)	(2,621,626)	(40,603)	-
Capital contributions	9,046,419	-	-	-
Change in net assets	2,022,020	(182,684)	2,955,899	(18,634)
Net assets - beginning of the year	<u>102,967,207</u>	<u>5,917,399</u>	<u>9,813,381</u>	<u>2,446,527</u>
Net assets - end of the year	<u>\$ 104,989,227</u>	<u>\$ 5,734,715</u>	<u>\$ 12,769,280</u>	<u>\$ 2,427,893</u>

Wastewater Capital Projects	Water/ Wastewater Projects	Water Wastewater Capital Reserve	Total Water Wastewater
\$ -	\$ -	\$ -	\$ 19,550,313
-	-	-	12,279,020
-	-	-	1,041,356
-	-	-	627,143
-	-	-	132,838
<u>-</u>	<u>-</u>	<u>-</u>	<u>33,630,670</u>
-	-	-	4,972,165
-	-	-	486,734
-	-	-	3,313,877
3,157,192	-	-	-
-	-	-	7,051,566
-	-	-	7,831,767
-	-	-	108,866
-	-	-	7,707,583
-	-	-	1,299,911
-	-	-	1,794,846
<u>3,157,192</u>	<u>-</u>	<u>-</u>	<u>34,567,315</u>
<u>(3,157,192)</u>	<u>-</u>	<u>-</u>	<u>(936,645)</u>
-	1,933,358	-	1,933,358
3,722	(9,824)	(2,015)	196,807
-	-	-	(1,094)
-	-	-	(1,561,300)
<u>3,722</u>	<u>1,923,534</u>	<u>(2,015)</u>	<u>567,771</u>
(3,153,470)	1,923,534	(2,015)	(368,874)
8,979,535	-	2,215,440	31,856,237
-	(2,738,000)	(2,215,440)	(30,747,597)
-	-	-	9,046,419
<u>5,826,065</u>	<u>(814,466)</u>	<u>(2,015)</u>	<u>9,786,185</u>
<u>5,162,652</u>	<u>1,988,365</u>	<u>77,394</u>	<u>128,372,925</u>
<u>\$ 10,988,717</u>	<u>\$ 1,173,899</u>	<u>\$ 75,379</u>	<u>\$ 138,159,110</u>

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)
SOLID WASTE FUND
SEPTEMBER 30, 2005

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Closure Liability</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,762	\$ 5,243	\$ -	\$ 15,497
Investment	1,620,950	335,203	485,879	1,626,511
Accounts receivable	260,031	-	-	-
Current restricted assets:				
Restricted investments	-	56,638	-	-
Total current assets	<u>1,882,743</u>	<u>397,084</u>	<u>485,879</u>	<u>1,642,008</u>
Capital assets:				
Land	1,748,378	-	-	-
Buildings	726,069	-	-	-
Equipment	4,128,489	-	-	-
Improvements other than buildings	6,926,353	-	-	-
Construction in progress	799,615	-	-	-
Less accumulated depreciation	<u>(3,464,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>10,864,273</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>12,747,016</u>	<u>397,084</u>	<u>485,879</u>	<u>1,642,008</u>
LIABILITIES				
Current liabilities:				
Accounts payable	239,537	-	85,137	-
Accrued liabilities	105,067	-	-	-
Accrued compensated absences	33,126	-	-	-
Current liabilities payable from restricted assets:				
Customer deposits	806	-	-	-
Accrued interest	-	2,142	-	-
Current portion of long term debt	<u>53,690</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>432,226</u>	<u>2,142</u>	<u>85,137</u>	<u>-</u>
Noncurrent liabilities:				
Accrued compensated absences	25,799	-	-	-
Closure and post closure liability	2,445,115	-	-	-
Long term debt	<u>257,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>2,728,744</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,160,970</u>	<u>2,142</u>	<u>85,137</u>	<u>-</u>
NET ASSETS				
Invested in capital assets (net of related debt)	10,552,753	-	-	-
Restricted for debt service	-	267,065	-	-
Unrestricted	<u>(966,707)</u>	<u>127,877</u>	<u>400,742</u>	<u>1,642,008</u>
Total net assets	<u>\$ 9,586,046</u>	<u>\$ 394,942</u>	<u>\$ 400,742</u>	<u>\$ 1,642,008</u>

<u>Equipment Acquisition</u>	<u>Landfill Replacement</u>	<u>Liner Reserve</u>	<u>Special Projects</u>	<u>Total Solid Waste</u>
\$ 22,674	\$ 20,000	\$ 6,450	\$ -	\$ 71,626
745,196	2,126,620	605,762	-	7,546,121
-	-	-	-	260,031
-	-	-	-	56,638
<u>767,870</u>	<u>2,146,620</u>	<u>612,212</u>	<u>-</u>	<u>7,934,416</u>
-	-	-	-	1,748,378
-	-	-	-	726,069
-	-	-	-	4,128,489
-	-	-	-	6,926,353
-	-	-	-	799,615
-	-	-	-	(3,464,631)
-	-	-	-	10,864,273
<u>767,870</u>	<u>2,146,620</u>	<u>612,212</u>	<u>-</u>	<u>18,798,689</u>
-	-	-	-	324,674
-	-	-	-	105,067
-	-	-	-	33,126
-	-	-	-	806
-	-	-	-	2,142
-	-	-	-	53,690
-	-	-	-	519,505
-	-	-	-	25,799
-	-	-	-	2,445,115
-	-	-	-	257,830
-	-	-	-	2,728,744
-	-	-	-	3,248,249
-	-	-	-	10,552,753
-	-	-	-	267,065
<u>767,870</u>	<u>2,146,620</u>	<u>612,212</u>	<u>-</u>	<u>4,730,622</u>
<u>\$ 767,870</u>	<u>\$ 2,146,620</u>	<u>\$ 612,212</u>	<u>\$ -</u>	<u>\$ 15,550,440</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, 2005

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Closure Liability</u>
OPERATING REVENUE				
Sales to customers	\$ 7,635,958	\$ -	\$ -	\$ -
Franchise fees	288,715	-	-	-
Miscellaneous	29,498	-	-	-
Total operating revenue	<u>7,954,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSE				
Personal Services	1,322,542	-	-	-
Supplies	378,044	-	-	-
Purchased Services	3,276,715	-	-	-
Miscellaneous	35,502	-	-	14,464
Capital outlay	(1,143,322)	-	807,898	-
Depreciation	544,777	-	-	-
Franchise Fee	530,075	-	-	-
General and administrative costs	190,321	-	-	-
Total operating expense	<u>5,134,654</u>	<u>-</u>	<u>807,898</u>	<u>14,464</u>
Operating income	<u>2,819,517</u>	<u>-</u>	<u>(807,898)</u>	<u>(14,464)</u>
NONOPERATING REVENUE (EXPENSE)				
Investment income	42,161	(994)	78,347	(12,270)
Interest expense	-	(33,185)	-	-
Total nonoperating revenue (expense)	<u>42,161</u>	<u>(34,179)</u>	<u>78,347</u>	<u>(12,270)</u>
Income (loss) before contributions and transfers	2,861,678	(34,179)	(729,551)	(26,734)
Transfers in	530,784	195,915	200,000	100,000
Transfers out	(1,977,802)	(326,263)	(100,000)	-
Change in net assets	1,414,660	(164,527)	(629,551)	73,266
Net assets - beginning of the year	<u>8,171,386</u>	<u>559,469</u>	<u>1,030,293</u>	<u>1,568,742</u>
Net assets - end of the year	<u>\$ 9,586,046</u>	<u>\$ 394,942</u>	<u>\$ 400,742</u>	<u>\$ 1,642,008</u>

Equipment Acquisition	Landfill Replacement	Liner Reserve	Special Projects	Total Solid Waste
\$ -	\$ -	\$ -	\$ -	\$ 7,635,958
-	-	-	-	288,715
-	-	-	-	29,498
-	-	-	-	7,954,171
-	-	-	-	1,322,542
-	-	-	-	378,044
-	-	-	-	3,276,715
-	-	-	-	49,966
335,424	-	-	-	-
-	-	-	-	544,777
-	-	-	-	530,075
-	-	-	-	190,321
335,424	-	-	-	6,292,440
(335,424)	-	-	-	1,661,731
(5,325)	(16,108)	(5,672)	-	80,139
-	-	-	-	(33,185)
(5,325)	(16,108)	(5,672)	-	46,954
(340,749)	(16,108)	(5,672)	-	1,708,685
600,000	95,000	100,000	-	1,821,699
(480,757)	-	-	(204,521)	(3,089,343)
(221,506)	78,892	94,328	(204,521)	441,041
989,376	2,067,728	517,884	204,521	15,109,399
\$ 767,870	\$ 2,146,620	\$ 612,212	\$ -	\$ 15,550,440

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)
MUNICIPAL AIRPORT FUND
SEPTEMBER 30, 2005

ASSETS	Operating	Debt Service	Capital Projects	Grant	Total Municipal Airport
Current assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 1,751,524	\$ 1,316	\$ 1,752,840
Investment	251,990	-	104,201	-	356,191
Accounts receivable	101,332	-	-	-	101,332
Inventory and supplies	40,120	-	-	-	40,120
Current restricted assets:					
Cash and cash equivalents	-	106,444	31,102	-	137,546
Total current assets	393,442	106,444	1,886,827	1,316	2,388,029
Capital assets:					
Land	183,923	-	-	-	183,923
Buildings	2,359,228	-	-	-	2,359,228
Equipment	526,754	-	-	-	526,754
Infrastructure	5,144,322	-	-	-	5,144,322
Construction In Progress	661,180	-	-	-	661,180
Less: accumulated depreciation	(3,557,830)	-	-	-	(3,557,830)
Total capital assets	5,317,577	-	-	-	5,317,577
Total assets	5,711,019	106,444	1,886,827	1,316	7,705,606
LIABILITIES					
Current liabilities:					
Accounts payable	16,078	-	-	1,316	17,394
Accrued liabilities	9,543	-	-	-	9,543
Accrued compensated absences	12,422	-	-	-	12,422
Interfund payables	37,413	-	-	-	37,413
Current liabilities payable from restricted assets:					
Accrued liabilities	-	14,080	-	-	14,080
Customer deposits	38,466	-	-	-	38,466
Current portion of long-term debt	85,000	-	-	-	85,000
Total current liabilities	198,922	14,080	-	1,316	214,318
Noncurrent liabilities:					
Accrued compensated absences	6,739	-	-	-	6,739
Long-term debt less the current portion	2,405,000	-	-	-	2,405,000
Total noncurrent liabilities	2,411,739	-	-	-	2,411,739
Total liabilities	2,610,661	14,080	-	1,316	2,626,057
NET ASSETS					
Investment in capital assets, net of related debt	2,827,577	-	-	-	2,827,577
Restricted for debt service	-	99,080	-	-	99,080
Unrestricted	272,781	(6,716)	1,886,827	-	2,152,892
Total net assets	\$ 3,100,358	\$ 92,364	\$ 1,886,827	\$ -	\$ 5,079,549

**CITY OF GRAND PRAIRIE, TEXAS
MUNICIPAL AIRPORT FUND
AGGREGATING SCHEDULE OF REVENUE, EXPENSE AND
CHANGES IN NET ASSETS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Grant</u>	<u>Total Municipal Airport</u>
OPERATING REVENUE					
Sales to customers	\$ 1,230,256	\$ -	\$ -	\$ -	\$ 1,230,256
Intergovernmental revenue	-	-	-	386,900	386,900
Miscellaneous	401,827	-	-	-	401,827
Total operating revenue	<u>1,632,083</u>	<u>-</u>	<u>-</u>	<u>386,900</u>	<u>2,018,983</u>
OPERATING EXPENSE					
Personal Services	355,812	-	-	-	355,812
Supplies	559,331	-	-	26,404	585,735
Purchased Services	94,615	-	-	349,416	444,031
Miscellaneous	-	-	-	-	-
Capital outlay	(136,596)	-	91,109	45,487	-
Depreciation	301,393	-	-	-	301,393
Total operating expense	<u>1,174,555</u>	<u>-</u>	<u>91,109</u>	<u>421,307</u>	<u>1,686,971</u>
Operating income (loss)	<u>457,528</u>	<u>-</u>	<u>(91,109)</u>	<u>(34,407)</u>	<u>332,012</u>
NONOPERATING REVENUE (EXPENSE)					
Investment income	2,468	291	(81)	-	2,678
Interest expense	-	(126,980)	-	-	(126,980)
Principal payment on bonds	45,000	(45,000)	-	-	-
Total nonoperating revenue (expense)	<u>47,468</u>	<u>(171,689)</u>	<u>(81)</u>	<u>-</u>	<u>(124,302)</u>
Income (loss) before transfers	<u>504,996</u>	<u>(171,689)</u>	<u>(91,190)</u>	<u>(34,407)</u>	<u>207,710</u>
Transfers in	47	59,390	100,000	62,894	222,331
Transfers out	(215,872)	-	(6,412)	(47)	(222,331)
Change in net assets	289,171	(112,299)	2,398	28,440	207,710
Net assets - beginning 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>
Net assets - end of the year	<u>\$ 3,100,358</u>	<u>\$ 92,364</u>	<u>\$ 1,886,827</u>	<u>\$ -</u>	<u>\$ 5,079,549</u>

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)
MUNICIPAL GOLF COURSE FUND
SEPTEMBER 30, 2005

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Municipal Golf</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,359	\$ -	\$ 120,755	\$ 124,114
Investments	501,541	105,220	129,468	736,229
Current restricted assets:				
Cash and cash equivalents	-	164,230	138,021	302,251
Total current assets	<u>504,900</u>	<u>269,450</u>	<u>388,244</u>	<u>1,162,594</u>
Capital assets:				
Land	568,284	-	-	568,284
Buildings	1,854,835	-	-	1,854,835
Equipment	972,184	-	-	972,184
Improvements other than buildings	7,774,839	-	-	7,774,839
Construction in progress	1,330,322	-	-	1,330,322
Less: Accumulated depreciation	<u>(4,000,829)</u>	<u>-</u>	<u>-</u>	<u>(4,000,829)</u>
Total capital assets	<u>8,499,635</u>	<u>-</u>	<u>-</u>	<u>8,499,635</u>
Total assets	<u>9,004,535</u>	<u>269,450</u>	<u>388,244</u>	<u>9,662,229</u>
LIABILITIES				
Current liabilities:				
Accounts payable	95,856	-	-	95,856
Accrued liabilities	37,239	-	-	37,239
Accrued compensated absences	28,241	-	-	28,241
Current liabilities payable from restricted assets:				
Accrued liabilities	-	43,790	-	43,790
Current portion of long term debt	<u>290,928</u>	<u>-</u>	<u>-</u>	<u>290,928</u>
Total current liabilities	<u>452,264</u>	<u>43,790</u>	<u>-</u>	<u>496,054</u>
Noncurrent liabilities				
Accrued compensated absences	18,994	-	-	18,994
Long term debt	<u>7,845,144</u>	<u>-</u>	<u>-</u>	<u>7,845,144</u>
Total noncurrent liabilities	<u>7,864,138</u>	<u>-</u>	<u>-</u>	<u>7,864,138</u>
Total liabilities	<u>8,316,402</u>	<u>43,790</u>	<u>-</u>	<u>8,360,192</u>
NET ASSETS				
Invested in capital assets (net of related debt)	363,563	-	-	363,563
Restricted for debt service	-	334,718	-	334,718
Unrestricted	<u>324,570</u>	<u>(109,058)</u>	<u>388,244</u>	<u>603,756</u>
Total net assets	<u>\$ 688,133</u>	<u>\$ 225,660</u>	<u>\$ 388,244</u>	<u>\$ 1,302,037</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, 2005**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Municipal Golf</u>
OPERATING REVENUE				
Sales to customers	\$ 1,906,087	\$ -	\$ -	\$ 1,906,087
Miscellaneous	459,837	-	-	459,837
Total operating revenue	<u>2,365,924</u>	<u>-</u>	<u>-</u>	<u>2,365,924</u>
OPERATING EXPENSE				
Personal Services	994,158	-	-	994,158
Supplies	370,411	-	-	370,411
Purchased Services	1,188,922	-	-	1,188,922
Capital outlay	(1,041,037)	-	1,041,037	-
Miscellaneous	1,428	32,467	-	33,895
Depreciation	476,845	-	-	476,845
Principal payment on bonds	(280,928)	280,928	-	-
Total operating expense	<u>1,709,799</u>	<u>313,395</u>	<u>1,041,037</u>	<u>3,064,231</u>
Operating income (loss)	<u>656,125</u>	<u>(313,395)</u>	<u>(1,041,037)</u>	<u>(698,307)</u>
NONOPERATING REVENUE (EXPENSE)				
Investment income	1,345	520	1,455	3,320
Interest expense	-	(358,861)	-	(358,861)
Total nonoperating revenue (expense)	<u>1,345</u>	<u>(358,341)</u>	<u>1,455</u>	<u>(355,541)</u>
Income (loss) before transfers	<u>657,470</u>	<u>(671,736)</u>	<u>(1,039,582)</u>	<u>(1,053,848)</u>
Transfers in	919,784	666,263	9,072	1,595,119
Transfers out	(666,263)	-	-	(666,263)
Change in net assets	910,991	(5,473)	(1,030,510)	(124,992)
Net assets - beginning of year	(222,858)	231,133	1,418,754	1,427,029
Net assets - end of year	<u>\$ 688,133</u>	<u>\$ 225,660</u>	<u>\$ 388,244</u>	<u>\$ 1,302,037</u>

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING BALANCE SHEET (UNAUDITED)
PARK VENUE FUND
SEPTEMBER 30, 2005

ASSETS	Operating	Debt Service	Capital Projects	Rainy Day Fund	Total Park Venue
Cash and cash equivalents	\$ 792,642	\$ 624,773	\$ 217,752	\$ 7,082	\$ 1,642,249
Investment	1,661,934	1,673,160	8,167,886	938,227	12,441,207
Sales Tax	737,924	-	-	-	737,924
Total assets	<u>\$ 3,192,500</u>	<u>\$ 2,297,933</u>	<u>\$ 8,385,638</u>	<u>\$ 945,309</u>	<u>\$ 14,821,380</u>
LIABILITIES AND FUND BALANCE					
Liabilities :					
Accounts payable	\$ 241,512	\$ 10,944	\$ 435,434	\$ -	\$ 687,890
Accrued liabilities	175,015	80,250	-	-	255,265
Deferred revenue	29,144	-	-	-	29,144
Total liabilities	<u>445,671</u>	<u>91,194</u>	<u>435,434</u>	<u>-</u>	<u>972,299</u>
Fund Balance:					
Reserved for:					
Encumbrances	42,161	-	-	-	42,161
Unreserved, undesignated in:					
Special revenue fund	<u>2,704,668</u>	<u>2,206,739</u>	<u>7,950,204</u>	<u>945,309</u>	<u>13,806,920</u>
Total fund balance	<u>2,746,829</u>	<u>2,206,739</u>	<u>7,950,204</u>	<u>945,309</u>	<u>13,849,081</u>
Total liabilities and fund balance	<u>\$ 3,192,500</u>	<u>\$ 2,297,933</u>	<u>\$ 8,385,638</u>	<u>\$ 945,309</u>	<u>\$ 14,821,380</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, 2005**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Rainy Day Fund</u>	<u>Total Park Venue</u>
REVENUE					
Sales tax	\$ 4,151,075	\$ -	\$ -	\$ -	\$ 4,151,075
Charges for goods and services	1,336,461	-	-	-	1,336,461
Investment income	58,779	2,361	(9,543)	(2,333)	49,264
Contributions	15,242	-	1,600,000	-	1,615,242
Other	412,525	-	-	-	412,525
Total revenue	<u>5,974,082</u>	<u>2,361</u>	<u>1,590,457</u>	<u>(2,333)</u>	<u>7,564,567</u>
EXPENDITURES					
Current operations:					
Support services	-	-	-	-	-
Recreation and leisure services	8,898,808	-	-	-	8,898,808
Capital outlay	23,202	-	4,321,407	-	4,344,609
Debt service:					
Principal retirement	-	982,502	-	-	982,502
Interest expense	-	2,421,532	-	-	2,421,532
Total expenditures	<u>8,922,010</u>	<u>3,404,034</u>	<u>4,321,407</u>	<u>-</u>	<u>16,647,451</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,947,928)</u>	<u>(3,401,673)</u>	<u>(2,730,950)</u>	<u>(2,333)</u>	<u>(9,082,884)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	7,628,138	3,120,757	1,000,000	-	11,748,895
Transfers out	(4,379,264)	-	(10,000)	-	(4,389,264)
Discount on refunding debt	-	(77,175)	-	-	(77,175)
Payment for refunding debt	-	(5,990,000)	-	-	(5,990,000)
Bonds issued	-	6,705,000	-	-	6,705,000
Total other financing sources (uses)	<u>3,248,874</u>	<u>3,758,582</u>	<u>990,000</u>	<u>-</u>	<u>7,997,456</u>
Net change in fund balance	300,946	356,909	(1,740,950)	(2,333)	(1,085,428)
Fund balance - beginning 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>
Fund balance - end of year	<u>\$ 2,746,829</u>	<u>\$ 2,206,739</u>	<u>\$ 7,950,204</u>	<u>\$ 945,309</u>	<u>\$ 13,849,081</u>

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS (UNAUDITED)
RISK MANAGEMENT FUND
SEPTEMBER 30, 2005

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total Risk Management</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 12,101	\$ 177,618	\$ 189,719
Investments	1,842,678	966,484	2,809,162
Current restricted assets:			
Cash and cash equivalents	-	187,000	187,000
Total current assets	<u>1,854,779</u>	<u>1,331,102</u>	<u>3,185,881</u>
Total assets	<u>1,854,779</u>	<u>1,331,102</u>	<u>3,185,881</u>
LIABILITIES			
Current liabilities:			
Accounts payable	104,772	8,918	113,690
Accrued liabilities	1,487,343	1,102,028	2,589,371
Accrued compensated absences	997	2,166	3,163
Current liabilities payable from restricted assets:			
Accrued liabilities	-	187,000	187,000
Total current liabilities	<u>1,593,112</u>	<u>1,300,112</u>	<u>2,893,224</u>
Noncurrent liabilities:			
Accrued compensated absences	959	-	959
Total noncurrent liabilities	<u>959</u>	<u>-</u>	<u>959</u>
Total liabilities	<u>1,594,071</u>	<u>1,300,112</u>	<u>2,894,183</u>
NET ASSETS			
Unrestricted	<u>260,708</u>	<u>30,990</u>	<u>291,698</u>
Total net assets	<u>\$ 260,708</u>	<u>\$ 30,990</u>	<u>\$ 291,698</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, 2005**

	Risk Management	Employee Insurance	Total Risk Management
OPERATING REVENUE			
Insurance premiums	\$ 2,343,105	\$ 8,986,778	\$ 11,329,883
Miscellaneous	52,885	-	52,885
Total operating revenue	<u>2,395,990</u>	<u>8,986,778</u>	<u>11,382,768</u>
OPERATING EXPENSE			
Personal services	57,975	65,431	123,406
Supplies	2,195	188	2,383
Purchased services	69,267	48,167	117,434
Insurance claims	1,899,271	8,620,788	10,520,059
Miscellaneous	6,616	-	6,616
Total operating expense	<u>2,035,324</u>	<u>8,734,574</u>	<u>10,769,898</u>
Operating income (loss)	<u>360,666</u>	<u>252,204</u>	<u>612,870</u>
NONOPERATING REVENUE			
Investment income	10,300	(425)	9,875
Loss on sale of fixed asset	(4,349)	-	(4,349)
Total nonoperating revenue	<u>5,951</u>	<u>(425)</u>	<u>5,526</u>
Income (loss) before transfers	<u>366,617</u>	<u>251,779</u>	<u>618,396</u>
Transfers in	-	25,467	25,467
Transfers out	(60,260)	(59,525)	(119,785)
Change in net assets	306,357	217,721	524,078
Net assets - beginning of the year	<u>(45,649)</u>	<u>(186,731)</u>	<u>(232,380)</u>
Net assets - end of the year	<u>\$ 260,708</u>	<u>\$ 30,990</u>	<u>\$ 291,698</u>

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING BALANCE SHEET (UNAUDITED)
 TAX INCREMENT FINANCING FUND (TIF)
 SEPTEMBER 30, 2005**

	<u>TIF 1</u>	<u>TIF 2</u>	<u>TIF 3</u>	<u>Total TIF</u>
ASSETS				
Cash and cash equivalents	\$ 25,539	\$ 342,493	\$ 700,434	\$ 1,068,466
Investment	279,073	189,922	59,616	528,611
Total assets	<u>\$ 304,612</u>	<u>\$ 532,415</u>	<u>\$ 760,050</u>	<u>\$ 1,597,077</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued liabilities	\$ -	\$ -	\$ 16,032	\$ 16,032
Total liabilities	<u>-</u>	<u>-</u>	<u>16,032</u>	<u>16,032</u>
Fund Balance:				
Unreserved, undesignated in:				
Special revenue fund	304,612	532,415	744,018	1,581,045
Total fund balance	<u>304,612</u>	<u>532,415</u>	<u>744,018</u>	<u>1,581,045</u>
Total liabilities and fund balance	<u>\$ 304,612</u>	<u>\$ 532,415</u>	<u>\$ 760,050</u>	<u>\$ 1,597,077</u>

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE (UNAUDITED)
TAX INCREMENT FINANCING FUND (TIF)
FOR THE YEAR ENDED SEPTEMBER 30, 2005**

	<u>TIF 1</u>	<u>TIF 2</u>	<u>TIF 3</u>	<u>Total TIF</u>
REVENUE				
Property tax	\$ 400,861	\$ 2,771,865	\$ 911,725	\$ 4,084,451
Investment income	1,278	72,909	10,937	85,124
Total revenue	<u>402,139</u>	<u>2,844,774</u>	<u>922,662</u>	<u>4,169,575</u>
EXPENDITURES				
Current operations:				
Support services	100,590	554,756	2,912	658,258
Capital outlay	-	-	83,027	83,027
Debt service:				
Principal retirement	45,000	305,000	55,000	405,000
Interest expense	21,819	208,537	42,631	272,987
Total expenditures	<u>167,409</u>	<u>1,068,293</u>	<u>183,570</u>	<u>1,419,272</u>
Excess (deficiency) of revenue over (under) expenditures	<u>234,730</u>	<u>1,776,481</u>	<u>739,092</u>	<u>2,750,303</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(187,938)	(4,051,440)	(50,000)	(4,289,378)
Bonds issued	-	710,000	-	710,000
Total other financing sources (uses)	<u>(187,938)</u>	<u>(3,341,440)</u>	<u>(50,000)</u>	<u>(3,579,378)</u>
Net change in fund balance	46,792	(1,564,959)	689,092	(829,075)
Fund balance - beginning of year	<u>257,820</u>	<u>2,097,374</u>	<u>54,926</u>	<u>2,410,120</u>
Fund balance - end of year	<u>\$ 304,612</u>	<u>\$ 532,415</u>	<u>\$ 744,018</u>	<u>\$ 1,581,045</u>



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STATISTICAL SECTION

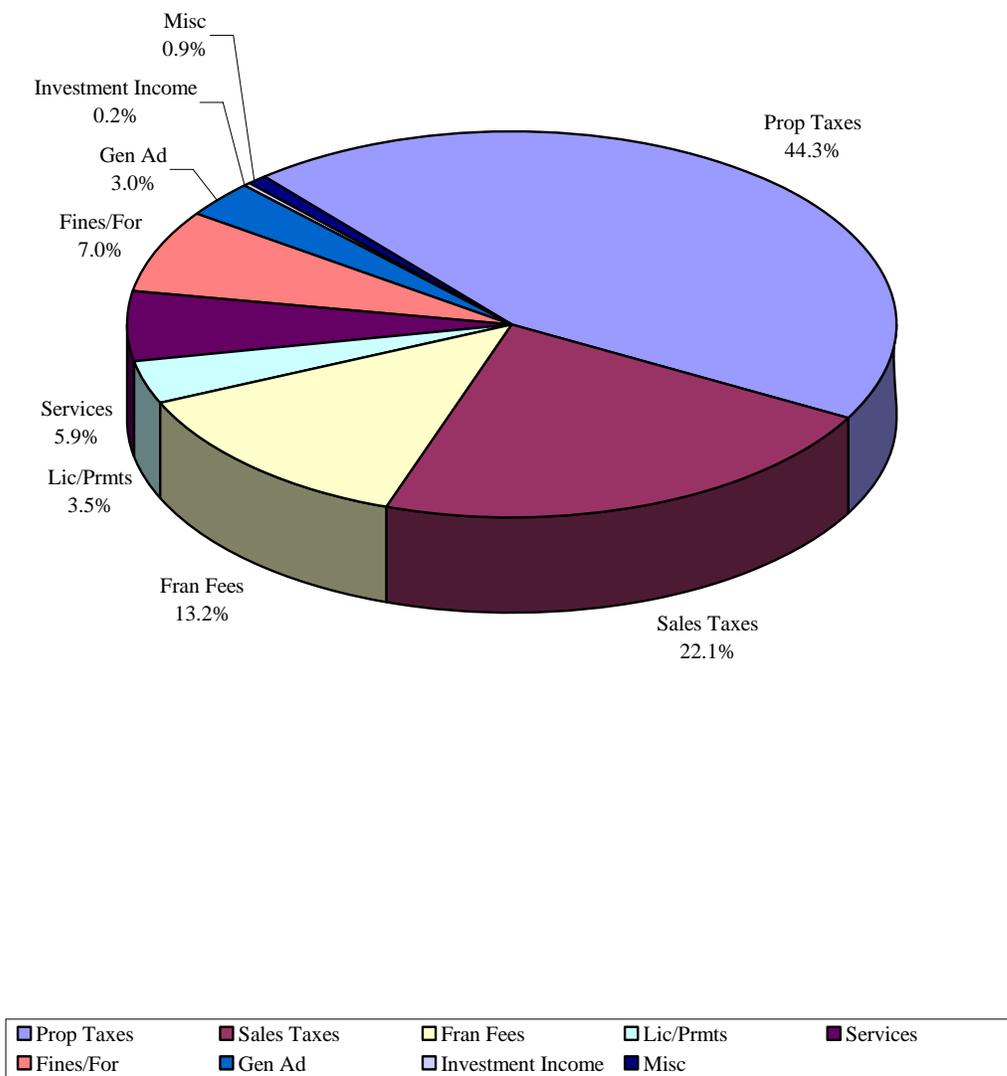


CITY OF GRAND PRAIRIE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2005
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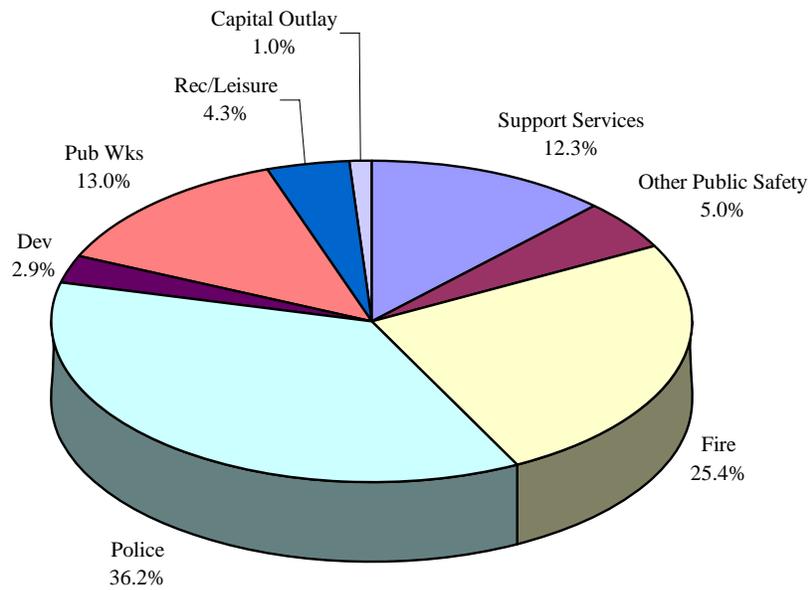
CITY OF GRAND PRAIRIE, TEXAS GENERAL FUND REVENUES

Fiscal Year Ended 9/30/2005
(Unaudited)



CITY OF GRAND PRAIRIE, TEXAS GENERAL FUND EXPENDITURES

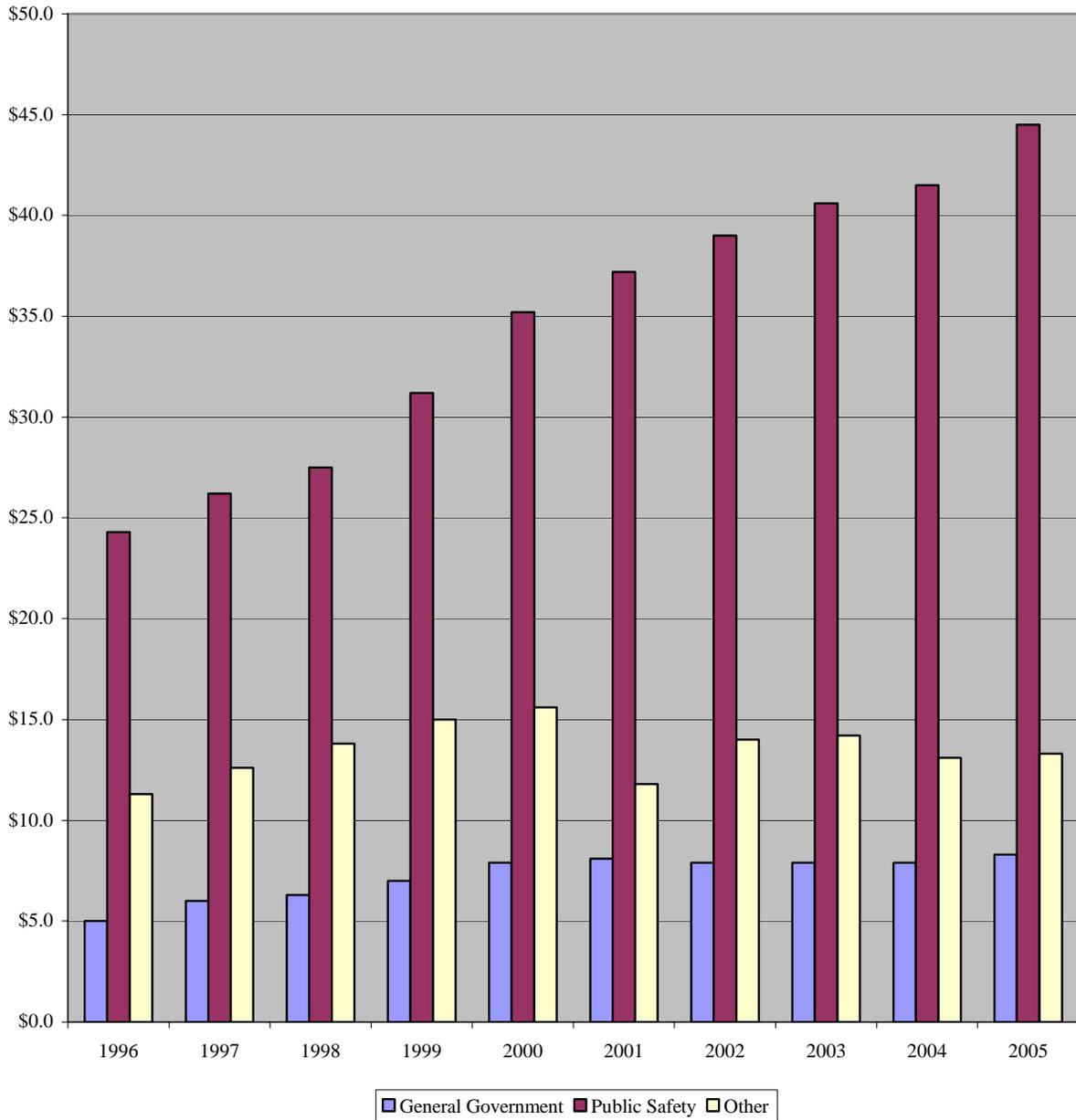
Fiscal Year Ended 9/30/2005
(Unaudited)



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

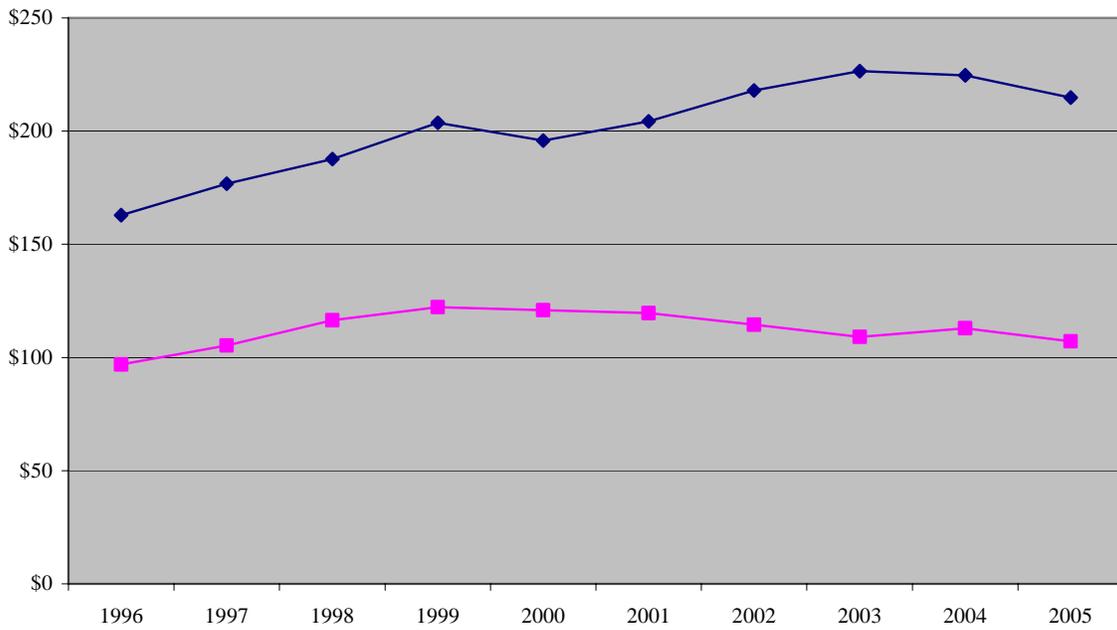
CITY OF GRAND PRAIRIE, TEXAS GENERAL FUND EXPENDITURES

Last Ten Fiscal Years
(Unaudited)



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

**Fiscal Year Ended 9/30/2005
(Unaudited)**



◆ Property Taxes ■ Sales Tax

**CITY OF GRAND PRAIRIE
GENERAL FUND REVENUES (Unaudited)
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>
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	20.4	12.7	1.9	5.3
2004	31,790,741	15,980,008	10,098,744	2,165,298	4,411,811
% Total	43.0	21.6	13.7	2.9	6.0
2005	33,166,388	16,531,323	9,870,488	2,631,458	4,412,459
% Total	44.3	22.1	13.2	3.5	5.9

(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>Fines & Forfeitures</i>	<i>General & Administrative</i>	<i>Investment Income</i>	<i>Other Revenues</i>	<i>Total</i>
\$	2,622,433	\$1,783,453	\$ 650,000	\$ 678,765	\$ 44,011,868
	6.0	4.0	1.5	1.5	100
	2,442,084	1,784,799	597,749	812,806	47,804,015
	5.1	3.7	1.3	1.7	100
	2,809,744	1,740,049	823,057 (2)	964,361	52,500,084
	5.4	3.3	1.6	1.8	100
	3,155,458	1,537,104	891,822	889,579	56,100,730
	5.6	2.7	1.6	1.6	100
	3,140,530	1,507,459	1,273,491	946,660	59,582,235
	5.3	2.5	2.1	1.6	100
	3,552,196	1,654,744	1,321,142	1,060,684	63,692,702
	5.6	2.6	2.1	1.6	100
	4,197,442	1,738,614	805,719	1,482,766	67,041,279
	5.7	2.4	1.1	2.1	100
	4,324,433	1,855,938	587,414	846,131	68,114,934
	5.9	2.5	0.8	1.1	100
	4,823,234	2,079,333	273,884	2,237,662	73,860,715
	6.5	2.8	0.4	3.0	100
	5,219,937	2,257,690	147,586	1,402,859	75,640,148
	6.9	3.0	0.2	1.9	100

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

<i>Fiscal Year Ended 9/30</i>	<i>Support Services (1)</i>	<i>Public Safety Services</i>			<i>Total</i>
		<i>Police</i>	<i>Fire</i>	<i>Other</i>	
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	26.0	3.1	66.4
2005	8,304,627	24,327,051	17,026,904	3,325,233	44,679,188
% Total	12.5	36.7	25.7	5.0	67.5

- (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

<i>Public Works</i>	<i>Comm & Econ Development</i>	<i>Total</i>	<i>Recreation & Leisure Svcs. (1)</i>	<i>Capital Outlay (2)</i>	<i>Grand Total</i>
\$ 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
8,718,452 13.0	2,875,923 4.3	11,594,375 17.3	1,752,679 2.6	667,363 1.0	66,998,232 100.0

**CITY OF GRAND PRAIRIE, TEXAS
 SALES TAX REVENUES (Unaudited)
 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>
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
2005	16,531,323	34.78%	0.233	4,151,075	4,151,075	8,302,149	33,135,622

- (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 (Unaudited)
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>
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	44,702,813	98.16%	700,297	45,403,110	99.69 %
2005	47,526,939	46,083,028 (1)	96.96%	556,050	46,639,078	98.13 %

Above amounts exclude accrued property tax revenue.

(1) Penalty and interest collected on delinquent taxes totaled \$662,144 in 2005.

CITY OF GRAND PRAIRIE, TEXAS
CERTIFIED ASSESSED VALUES AND ESTIMATED VALUE OF ALL NET TAXABLE PROPERTY (Unaudited)
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>	
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	100%	5,620,982,623	79.17%	1,478,729,925	20.83%	7,099,712,548
2006	(1) 100%	6,095,203,577	80.44%	1,482,155,659	19.56%	7,577,359,236

- (1) 2006 valuation information is the basis for fiscal year ending September 30, 2006 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 (Unaudited)
LAST FIVE FISCAL YEARS

<i>Category</i>	<u>9/30/2006</u>		<u>9/30/2005</u>		<u>9/30/2004</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 Famil	\$ 3,854,273,700	44.39	\$ 3,540,979,610	43.59	\$ 3,253,541,620	42.29
Real, Residential Multi-family	507,560,390	5.85	490,686,590	6.04	465,925,570	6.06
Real, Vacant Platted Lots/Trac	262,814,130	3.03	201,665,450	2.48	208,673,670	2.71
Real, Acreage (land only)	103,397,780	1.19	111,299,940	1.37	71,294,680	0.93
Real, Farm & Ranch Improven	-	0.00	-	0.00	1,692,540	0.02
Real Commercial & Industrial	1,659,646,980	19.12	1,611,248,180	19.83	1,577,451,410	20.50
Real & Tangible Personal, Uti	132,609,280	1.53	140,164,980	1.73	127,044,780	1.65
Tangible Personal, Business	1,432,593,740	16.50	1,346,401,310	16.57	1,531,142,930	19.90
Tangible Personal, Other	10,825,320	0.12	15,270,320	0.19	13,086,110	0.17
Special Inventory	23,253,560	0.27	26,517,020	0.33	26,753,190	0.35
Certified values in dispute	218,325,758	2.51	208,878,683	2.57	81,309,690	1.06
Non-taxable property	477,064,140	5.49	431,168,410	5.31	335,764,570	4.36
TOTALS	8,682,364,778	100.00	8,124,280,493	100.00	7,693,680,760	100.00
Less exemptions:						
Over 65 and disabled	214,910,122		209,230,592		202,991,952	
Disabled veterans	6,098,777		5,635,974		5,092,188	
Agriculture/open space land	73,742,274		71,027,225		52,615,560	
Non-taxable property	477,064,140		431,168,410		335,764,570	
Abatement	43,272,644		83,454,592		63,887,324	
Freeport	267,547,422		196,688,974		202,136,046	
Pollution control	4,053,363		3,595,944		3,672,346	
Under 500	52,760		62,920		96,830	
Capped value loss	18,264,040		23,703,314		30,012,248	
Net taxable assessed value	<u>\$ 7,577,359,236</u>		<u>\$ 7,099,712,548</u>		<u>\$ 6,797,411,696</u>	

<u>Category</u>	<u>9/30/2003</u>		<u>9/30/2002</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Real, Residential Single Family	\$ 2,900,500,940	38.75	\$ 2,604,352,980	38.02
Real, Residential Multi-family	464,847,500	6.21	437,945,410	6.39
Real, Vacant Platted Lots/Tracts	175,817,200	2.35	172,799,650	2.52
Real, Acreage (land only)	64,862,490	0.87	66,772,030	0.98
Real, Farm & Ranch Improvements	2,510,530	0.03	1,499,910	0.02
Real Commercial & Industrial	1,593,355,870	21.29	1,542,202,310	22.51
Real & Tangible Personal, Utilities	132,294,130	1.77	130,494,200	1.91
Tangible Personal, Business	1,653,508,500	22.09	1,553,555,900	22.68
Tangible Personal, Other	41,071,180	0.55	13,448,490	0.20
Special Inventory	-	0.00	-	0.00
Certified values in dispute	154,793,541	2.07	106,373,579	1.55
Non-taxable property	<u>300,776,570</u>	<u>4.02</u>	<u>220,579,240</u>	<u>3.22</u>
TOTALS	7,484,338,451	100.00	6,850,023,699	100.00
Less exemptions:				
Over 65 and disabled	131,384,991		133,994,532	
Disabled veterans	4,716,636		4,887,357	
Agriculture/open space land	47,163,754		50,868,105	
Non-taxable property	300,776,570		220,579,240	
Abatement	66,588,696		68,251,131	
Freeport	257,182,101		209,851,920	
Pollution control	3,371,568		3,726,759	
Under 500				
Capped value loss	<u>50,280,018</u>		<u>16,935,427</u>	
Net taxable assessed value	<u>\$ 6,622,874,117</u>		<u>\$ 6,140,929,228</u>	

CITY OF GRAND PRAIRIE, TEXAS
PROPERTY VALUES AND NEW CONSTRUCTION (Unaudited)
LAST TEN CALENDAR YEARS

<i>Calendar Year Ended 12/30</i>	<i>New Commercial & Industrial Construction</i>		<i>New Residential and Multi-Family Construction</i>		<i>New and Remodel Building</i>
	<i>Number of Units</i>	<i>Value</i>	<i>Number of Units</i>	<i>Value</i>	<i>Total Value</i>
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	29,015,080	2,165	342,376,068	356,715,698
2005	428	29,846,563	3,081	492,330,483	581,004,372

Sources of Information: City of Grand Prairie Building Inspections Department

Property Value

<i>Commercial</i>		<i>Residential</i>		<i>Exemptions and Nontaxable</i>	
\$	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
	3,619,699,763		3,480,012,785		1,025,730,047
	3,867,723,025		3,709,636,211		1,105,005,542

**CITY OF GRAND PRAIRIE, TEXAS
TAX RATE AND TAX LEVY (Unaudited)
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>
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
2006	0.474711	34,030,735	0.195287	13,340,406	0.669998	47,371,141

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 (Unaudited)
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

<i>Taxing Jurisdiction</i>	<i>2005</i>	<i>2004</i>	<i>2003</i>	<i>2002</i>
City of Grand Prairie	\$ 0.669998	\$ 0.669998	\$ 0.669998	\$ 0.669998
Grand Prairie ISD	1.758600	1.751100	1.727100	1.667100
Arlington ISD	1.745460	1.755000	1.735000	1.740500
Cedar Hill ISD	1.848430	1.741300	1.701600	1.680000
Irving ISD	1.814000	1.837000	1.815000	1.770600
Mansfield ISD	1.772000	1.717000	1.682000	1.682000
Midlothian ISD	1.787500	1.764500	1.720000	1.720000
Dallas County	0.213900	0.203900	0.203900	0.196000
Dallas County Community College District	0.081600	0.080300	0.778000	0.060000
Dallas County Hospital District	0.254000	0.254000	0.254000	0.254000
Dallas County Flood Control District	2.060000	2.060000	2.080000	3.284940
Grand Prairie Met Utl & Reclam Dist.	2.550000	2.450000	3.870000	3.710000
Ellis County	0.273090	0.315993	0.310200	0.310170
Johnson County	0.382088	0.382088	0.357300	0.455000
Tarrant County	0.272500	0.272500	0.272500	0.272500
Tarrant County Hospital District	0.235397	0.235397	0.235400	0.232400
Tarrant County Junior College District	0.139380	0.139380	0.139400	0.139380

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

<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>
\$ 0.669998	\$ 0.669998	\$ 0.674998	\$ 0.679998	\$ 0.695599	\$ 0.695599
1.667100	1.608100	1.507700	1.507800	1.467800	1.467800
1.654400	1.624400	1.593500	1.496200	1.349600	1.349600
1.630000	1.600000	1.779000	1.750000	1.750000	1.750000
1.695000	1.695000	1.678400	1.678400	1.663400	1.638600
1.671400	1.687000	1.712000	1.722000	1.590000	1.477000
1.720000	1.709701	1.659900	1.640000	1.700000	1.700000
0.196000	0.196000	0.201000	0.197200	0.216400	0.216400
0.060000	0.050000	0.050000	0.050000	0.052060	0.052060
0.254000	0.254000	0.196000	0.179900	0.194090	0.199600
3.284940	2.874876	1.918800	1.963400	1.963400	1.990000
3.130000	1.520000	2.080000	0.600000	N/A	N/A
0.302018	0.365194	0.253100	1.640000	0.299800	0.253100
0.447350	0.341310	0.337500	0.441900	0.441600	0.420100
0.274785	0.274785	0.264800	0.264800	0.264800	0.266600
0.234070	0.234070	0.234100	0.234100	0.234100	0.239800
0.106410	0.106410	0.106400	0.106400	0.057700	0.055500

**CITY OF GRAND PRAIRIE, TEXAS
TEN LARGEST TAXPAYERS (Unaudited)
AS OF SEPTEMBER 30, 2005**

<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 Aircraft Industries	Commercial Aircraft	\$ 106,787,010	1.41%
2. Prologis	Real Estate	100,210,290	1.32%
3. Bell Helicopter-Textron	Helicopter Transmissions	81,418,520	1.07%
4. Texas Utilities Electric Co.	Electric Utility	61,426,530	0.81%
5. Southwestern Bell/Cingular	Telephone Utility	47,880,040	0.63%
6. Republic Beverage	Beverage Distribution	45,561,150	0.60%
7. Lockheed Martin	Defense Industry	42,009,900	0.55%
8. Hanson Pipe & Products	Concrete Pipe Manufacturing	40,885,000	0.54%
9. Walmart Stores	Retail	20,879,360	0.28%
10. Alpha-Barnes	Real Estate	<u>20,808,370</u>	0.27%
		<u><u>\$ 567,866,170</u></u>	7.49%

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

<i>Fiscal Year Ended 9/30</i>	(1) <i>Estimated Population</i>	<i>Net Taxable Assessed Value</i>	(2) <i>Tax Supported Net Bonded Debt</i>	<i>Ratio of Net Bonded Debt to Assessed Value</i>	<i>Net Bonded Debt Per Capita</i>
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
2005	145,600	7,577,359,236	170,248,615	2.25%	1,169

(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 (Unaudited)
FISCAL YEAR ENDED SEPTEMBER 30, 2005

Market Evaluation Established by Dallas Central Appraisal District		\$ 8,682,364,778
Less Non-Taxable Property and Exemptions (2)		
Over 65 and Disabled	\$ 214,910,122	
Disabled Veterans	6,098,777	
Agriculture/Open Space Land	73,742,274	
Non-taxable Property	477,064,140	
Tax Abatement	43,272,644	
Freeport	267,547,422	
Pollution Control	4,053,363	
Under 500	52,760	
Capped Value Loss	18,264,040	
	<hr/>	<hr/>
Assessed Valuation used to prepare tax rate for Fiscal Year Ending September 30, 2005		1,105,005,542
		<hr/> <hr/>
		\$ 7,577,359,236
		<hr/> <hr/>
General Obligation Debt Payable from Property Taxes: (5)		
<u>Governmental Type Activities</u>		
General Obligation Bonds	\$ 73,234,687	
Certificates of Obligation	65,728,928	
Sales Tax Revenue Bonds	31,285,000	
Subtotal	<hr/>	<hr/>
		\$ 170,248,615
<u>Business Type Activities (4)</u>		
General Obligation Bonds	4,995,561	
Certificates of Obligation	6,021,072	
Subtotal	<hr/>	<hr/>
		11,016,633
Total General Obligation Debt		\$ 181,265,248
Less Self-Supporting General Obligation Debt:		
Park Venue Sales Tax Revenue Bonds (3)		31,285,000
TIF Certificates of Obligation Bonds (6)		26,125,000
Business Type General Obligation Bonds (Refundings) -		
Water and Wastewater	79,041	
Solid Waste	311,520	
Municipal Airport	370,000	
	<hr/>	<hr/>
		760,561
Business Type Certificates of Obligation Bonds -		
Municipal Airport		2,120,000
Subtotal		<hr/>
		60,290,561
Net General Obligation Debt Payable from Property Taxes		<hr/> <hr/>
		\$ 120,974,687
		<hr/> <hr/>
Ratio Net General Obligation Debt Payable from Property Taxes to Taxable Assessed Valuation (1)		<hr/> <hr/>
		1.60%
		<hr/> <hr/>

- (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) Pursuant to authority permitted by Section 1-B, Article VIII, of the State constitution, the city has granted an exemption of \$45,000 of assessed valuation to the residence homestead of property owners of 65 years of age. Also, 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. Additionally, State law provides that an eligible owner of agricultural land or timberland may apply to have such property appraised on the basis of productivity value or on the basis of market value, whichever is less.

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.

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, 2002, and 2005 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, 2003, 2004, and 2005 for the acquisition of Nokia Live performance hall, establishment of debt reserve fund related to Nokia, and certain improvements in the City's TIF Zones No. 1, No. 2, and No. 3.

**CITY OF GRAND PRAIRIE, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN (Unaudited)**

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, 2005, 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
(Unaudited)
AS OF SEPTEMBER 30, 2005

<i>Taxing Jurisdiction</i>	<i>Total Funded Debt</i>	<i>Estimated % Applicable</i>	<i>Direct and Overlapping Funded Debt</i>
Direct Bonded Debt			
City of Grand Prairie	\$ 120,756,970 (1)	100.00%	\$ 120,756,970
Overlapping Bonded Debt			
Grand Prairie Independent School District	\$ 272,561,792	93.65%	255,254,118
Arlington Independent School District	485,316,178	15.54%	75,418,134
Cedar Hill Independent School District	126,567,632	0.33%	417,673
Irving Independent School District	389,529,525	0.51%	1,986,601
Mansfield Independent School District	482,684,178	0.03%	144,805
Midlothian Independent School District	136,890,812	0.26%	355,915
Dallas County	110,063,073	2.52%	2,773,589
Dallas County Community College District	106,935,000	2.52%	2,694,762
Dallas County Flood Control District	31,500,100	10.60%	3,339,011
Grand Prairie Metropolitan Utility & Reclamation District	10,429,602	100.00%	10,429,602
Ellis County	20,086,262	0.06%	12,052
Johnson County	25,213,185	0.02%	5,043
Tarrant County	167,040,000	3.97%	6,631,487
Tarrant County Junior College District	65,980,000	3.97%	2,619,406
Total Overlapping Bonded Debt	\$ 2,430,797,339		362,082,199
TOTAL			\$ 482,839,169
Ratio Overlapping Bonded Debt to 2005 Taxable Assessed Valuation			6.37%
Per Capita Estimated Overlapping Bonded Debt			\$ 3,129

(1) Less self-supporting debt.

**CITY OF GRAND PRAIRIE, TEXAS
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL
OBLIGATION BONDED DEBT TO TOTAL GENERAL EXPENDITURES
EXCLUDING NON-OPERATING TRANSFERS (Unaudited)
LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>General Fund Expenditures</i>	<i>Debt Service</i>	<i>Total Expenditures Including Debt Service</i>	<i>Debt Service as Percent of Total Expenditures</i>
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	13,493,888	76,024,613	17.75%
2005	66,967,213	13,432,142	80,399,355	16.71%

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

<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
2005	4,151,075	2,370,800	1.75

(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 financial policies require a coverage of no less than 1.50.

**REVENUE BOND COVERAGE
WATER AND WASTEWATER BONDS (Unaudited)
LAST TEN FISCAL YEARS**

<i>Fiscal Year Ended 9/30</i>	<i>Revenues (1)</i>	<i>Expenses (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>	
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	34,493,334	23,310,775	11,182,559	2,937,217	894,036	3,831,253	2.92
2005	35,760,835	26,859,732	8,901,103	2,609,596	1,462,684	4,072,280	2.19

(1) Revenues include operating revenues plus impact fees and investment income.

(2) Expenses exclude 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 (Unaudited)
AS OF SEPTEMBER 30, 2005

<i>Purpose</i>	<i>Date Authorized</i>	<i>Amount Authorized</i>	<i>Amount Issued in 2005</i>	<i>Amount Issued Prior Years</i>	<i>Unissued Balance</i>
Streets/Signal	12/8/1990	\$ 24,000,000	\$ 1,056,188	\$ 21,900,557	\$ 1,043,255
Storm Drainage	12/8/1990	12,500,000	533,771	11,966,229	-
Solid Waste	12/8/1990	180,000	-	75,000	105,000
Streets/Signal	11/6/2001	56,000,000	1,460,022	13,561,197	40,978,781
Storm Drainage	11/6/2001	8,200,000	1,150,000	4,257,221	2,792,779
Public Safety	11/6/2001	11,800,000	1,440,019	8,781,796	1,578,185
		<u>\$ 112,680,000</u>	<u>\$ 5,640,000</u>	<u>\$ 60,542,000</u>	<u>\$ 46,498,000</u>

CITY OF GRAND PRAIRIE, TEXAS
AUTHORIZED BUT UNISSUED REVENUE BONDS (Unaudited)
AS OF SEPTEMBER 30, 2005

<i>Purpose</i>	<i>Date Authorized</i>	<i>Amount Authorized</i>	<i>Amount Issued in 2005</i>	<i>Amount Issued Prior Years</i>	<i>Unissued Balance</i>
Water System	12/8/1990	\$ 15,000,000	\$ 2,362,107	\$ 12,637,893	\$ -
Wastewater System	12/8/1990	9,400,000	857,893	8,542,107	-
		<u>\$ 24,400,000</u>	<u>\$ 3,220,000</u>	<u>\$ 21,180,000</u>	<u>\$ -</u>



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**WATER AND WASTEWATER CONTRACTS
 COMPONENTS OF PAYMENTS MADE UNDER SELECTED CONTRACTS (Unaudited)
 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 & M</i>	<i>Debt Service</i>	<i>Total</i>
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
2005	2,563,201	4,223,143	6,786,344	3,737,732	3,961,277	7,699,009

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.

<i>Trinity River Authority</i>		
<i>Joe Pool Lake Intake</i>	<i>Joe Pool Lake Corp of Engineers</i>	<i>Water Storage Facility</i>
\$ 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
160,163	349,084	- (1)
185,136	416,034	-

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

**CITY OF GRAND PRAIRIE, TEXAS
 DEMOGRAPHIC STATISTICS (Unaudited)
 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>
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	6.4%
2005	145,600	43,516	23,733	5.4%

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 (Unaudited)
 SEPTEMBER 30, 2005**

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 154,331, encompasses a land area of 81.4 square miles.

City Services

Miles of Streets:	555
Fire Protection:	9 stations 199 firemen, 9 volunteer firemen
Police Protection:	1 station, 1 substation, 1 public safety training complex, 1 gun range, 3 storefronts 209 policemen, 50 reserve policemen
Employees:	1,108 full-time; 266 seasonal/part-time
Active Water	
Customer Accounts:	38,991
Miles of City-Owned Water Main:	648
Avg. Daily Water Consumption:	25.06 million gallons per day
Miles of City-Owned Wastewater Main:	590
Avg. Daily Flow of Wastewater:	17.05 million gallons per day
Landfill:	1
Solid Waste Disposal:	161,597.11 tons
Airport:	1 with 4,000 foot runway
Acres of Park Land:	4,984

Demographics

Population:	154,331		
		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	\$43,516 (2005)		
Single Family Units	37,779		
Multi-Family Units	15,683		

Cultural and Recreational Facilities

3	youth football fields
3	public libraries, 1 mobile library
	Main Library = 133,400 volumes
	Warmack Branch Library = 35,700 volumes
	Bowles Branch Library (open April '06) = 5,000 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 2005 surveys in *Avid Golfer* 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 three nine-hole golf courses, a driving range, Texas's largest putting green, 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 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 nine senior, 13 middle, 52 elementary, one prekindergarten, and four alternative education schools. Cedar Hill Independent School District has one senior, two middle, three intermediate, six elementary, and one alternative education schools and one ninth grade center.



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