

City of Grand Prairie, Texas

Comprehensive Annual Financial Report

Fiscal Year Ended, September 30, 2006



Joe Pool Lake
Marina



Public Fishing
Pier



Joe Pool Lake
Water Activities



Lloyd Park
Cabin Rentals



The Grand Vision Continues...

CITY OF GRAND PRAIRIE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2006

PREPARED BY THE FINANCE DEPARTMENT



Charles England
Mayor

Diana Ortiz, RTA
Chief Financial Officer

Tom Hart
City Manager

Stephen Nesbitt, CPA
Controller

**CITY OF GRAND PRAIRIE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED SEPTEMBER 30, 2006**

TABLE OF CONTENTS

I. INTRODUCTORY SECTION (Unaudited)	Page
Letter of Transmittal	v
Certificate of Achievement	xiv
Mayor and City Council Members	xvi
Directory of Officials	xvii
Organizational Chart	xviii
City of Grand Prairie Area Map	xix
 II. FINANCIAL SECTION	
Independent Auditor's Report	1
A. MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)	3
B. BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets	21
Statement of Revenue, Expenditures, and Changes in Fund Balance	22
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	25
Proprietary Funds Financial Statements	
Statement of Net Assets	26
Statement of Revenue, Expenses, and Changes in Fund Net Assets	27
Statement of Cash Flows	29

	Page
Component Units Financial Statements	
Combining Statement of Net Assets - Component Units	30
Combining Statement of Revenue, Expense, and Changes in Fund Net Assets - Component Units	31
Notes to Basic Financial Statements	33
C. REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - Budget to Actual Comparison Schedule	85
Park Venue Fund – Budget to Actual Comparison Schedule	86
Section 8 Fund – Budget to Actual Comparison Schedule	87
Texas Municipal Retirement System – Seven-year Analysis of Funding Program	88
D. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Nonmajor Governmental Funds	91
Combining Balance Sheet	94
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance	98
Debt Service Fund – Budget to Actual Comparison Schedule	104
Hotel/Motel Tax Fund – Budget to Actual Comparison Schedule	105
Police Seizure Fund – Budget to Actual Comparison Schedule	106
Municipal Court Fund – Budget to Actual Comparison Schedule	107
Cable Operations Fund – Budget to Actual Comparison Schedule	108
Nonmajor Enterprise Funds	109
Statement of Net Assets	110
Statement of Revenue, Expenses, and Changes in Fund Net Assets	111
Statement of Cash Flows	112
Internal Service Funds	113
Statement of Net Assets	114
Statement of Revenue, Expenses, and Changes in Fund Net Assets	115
Statement of Cash Flows	116

III. CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

Schedule by Source	117
Schedule by Function and Activity	118
Schedule of Changes by Function and Activity	119

IV. SUPPLEMENTAL SCHEDULES 121**Park Venue Fund**

Aggregating Balance Sheet	122
Aggregating Schedule of Revenue, Expenditures, and Changes in Fund Balance	123

Tax Increment Financing Fund

Aggregating Balance Sheet	124
Aggregating Schedule of Revenue, Expenditures, and Changes in Fund Balance	125

Water and Wastewater Fund

Aggregating Schedule of Net Assets	126
Aggregating Schedule of Revenue, Expenses, and Changes in Fund Net Assets	128

Municipal Golf Course Fund

Aggregating Schedule of Net Assets	130
Aggregating Schedule of Revenue, Expenses, and Changes in Fund Net Assets	131

Solid Waste Fund

Aggregating Schedule of Net Assets	132
Aggregating Schedule of Revenue, Expenses, and Changes in Fund Net Assets	134

Municipal Airport Fund

Aggregating Schedule of Net Assets	136
Aggregating Schedule of Revenue, Expenses, and Changes in Fund Net Assets	137

	Page
Risk Management Fund	
Aggregating Schedule of Net Assets	138
Aggregating Schedule of Revenue, Expenses, and Changes in Fund Balance	139
V. STATISTICAL SECTION (Unaudited)	141
Financial Trends	
Net Assets by Component	143
Changes in Net Assets	144
Fund Balances, Governmental Funds	146
Change in Fund Balances, Governmental Funds	148
Revenue Capacity	
Assessed and Estimated Actual Values of Taxable Property	150
Direct and Overlapping Property Tax Rates	152
Principal Property Tax Payers	154
Property Tax Levies and Collections	155
Debt Capacity	
Ratios of Outstanding Debt by Type	156
Ratios of General Bonded Debt Outstanding	158
Direct and Overlapping Governmental Activities of Debt	159
Legal Debt Margin Information	160
Pledged Revenue Coverage	162
Demographic and Economic Information	
Demographic and Economic Statistics	164
Principal Employers	165
Full-time-equivalent City Government Employees by Function/Program	166
Operating Information	
Capital Assets Statistics by Function/Program	167
Water and Wastewater Contract	
Components of Payments Made Under Selected Contracts	168



March 30, 2007

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 fiscal year ended September 30, 2006. This report was prepared by the City’s financial staff and audited by Weaver & Tidwell. 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, 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 multi-year 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, 2006. 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 an 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 156,050.

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. Fifteen 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's economic recovery is strengthening based on sales tax receipts, tax base growth and operating reserves. Sales tax revenues increased 7.2% in 2006 compared to 2005 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 2006 was the highest ever for the City. Permits for new single-family residences continues to be strong – a new house was built every four hours in the City. The City's population is expected to continue to grow for the near future as significant planned residential communities develop.

Retail and industrial construction accelerated in 2006--almost 5 million square feet underway, an estimated \$232 million in investment. 2006 construction climbed about 450 percent above 2005. Including future construction, projects that have come forward but not begun the permitting process, totals approach 9 million square feet and \$390 million.

- ◆ About 720,000 square feet of retail construction was under way in 2006. The power center, Lake Prairie Towne Crossing shopping center, won commitments from 24-Hour Fitness, Chili's Restaurant, Wells Fargo Bank and Chase Bank. They joined anchor SuperTarget and Home Depot at the planned 600,000 square-foot shopping center under construction at SH 360 and Camp Wisdom Road. Store openings are expected around mid-2007. About 193,000 square feet of the center remains to be built and filled.

- ◆ Retail growth concentrated south of Interstate 20. Camp Wisdom Business Center, just north of Lake Prairie Towne Crossing, includes plans for a Capital One branch, a Starbucks Coffee Shop and adjacent speculative retail, a 13,800 square-foot center at Lake Ridge Parkway.
- ◆ Also, south of Interstate 20, Hanover Partners hopes to kick off Mira Lagos Village soon with 15,000 square feet in Phase One of a planned 104,000 square-foot center at Lake Ridge Parkway and England Parkway.
- ◆ New retail supply has also been occurring north of Interstate 20. Pioneer Courtyard, a 32,000 square-foot retail center comprising four buildings, broke ground east of South Carrier Parkway amid existing retail spaces along the Pioneer Parkway corridor. And, site work was under way at a planned 15,000 square-foot neighborhood retail strip at Avenue H and Duncan Perry Road, north of Interstate 30.
- ◆ Lower industrial real estate vacancy rates in 2005 and 2006, as well as, demand for new space led to construction of new distribution inventory in 2006. Duke Properties finished its first buildings at the planned developments including 2.2 million square-foot Grand Lakes on I30 east of MacArthur and 800,000 square-foot Crosspoint Park at Shady Grove Road and Roy Orr Blvd. The availability of Duke's Grand Lakes land which was already prepared and ready for construction, helped retain The RoomStore. It is staying and expanding in Grand Prairie by moving their corporate headquarters and distribution hub into 378,000 square feet at Grand Lakes. By December 2006, the remaining 377,000 square feet of the 755,000 square-foot building was obtained by Service Craft Logistics, a bottled water distributor relocating from Dallas. Another 1.45 million square feet of industrial space will be built at Grand Lakes at a date to be determined. Duke's Crosspoint project launched after Good Sportsman Marketing, a distributor of outdoor sports products, chose the site for a 72,000 square-foot distribution warehouse.
- ◆ Industrial land along Trinity Blvd in north Grand Prairie, east of Belt Line, is nearing build-out as Goelzer Industries, Value Vinyls and Natgun are building new plant sites totaling close to 250,000 square feet. They join Pepsico, LaGasse, APL Logistics, AAA Cooper and Averitt Express along Trinity Blvd.
- ◆ Bell Helicopter-Textron projected and announced in 2006, that new machinery and equipment (personal property) and improvements to real property at SH 360 and Avenue K, will allow it to retain at least 500 full-time jobs. Along with retaining the existing jobs, Bell expects to hire an estimated 500 new full-time employees. Over the next five years, Bell anticipates spending at least \$93 million to upgrade their Grand Prairie facility. In the state's 2006 Enterprise Project nomination round, the City sponsored Bell's application for Enterprise Project status, and Bell committed to hire at least 35% of economically disadvantaged persons or enterprise zone residents for its new or replacement personnel over the next 5 years.

- ◆ Completed industrial inventory totaled 935,708 square feet, including Natgun Corp. and Duke Realty's first buildings at Grand Lakes and Crosspoint industrial parks. Walgreen and three neighborhood retail centers--KP Shopping at Belt Line and Pioneer and Carnival Retail and Belt Line Crossing at Belt Line and Marshall--totaled 63,392 square feet of completed retail space in 2006. Remaining construction at Duke's Crosspoint and Grand Lakes development total 2.3 million square feet.
- ◆ Among projects that could soon start include a 50,000 square-foot expansion by Laticrete International, manufacturer of ceramic tile and stone installation systems, Hanover Partners' 104,400 square-foot retail shopping center at Lake Ridge and England Pkwy., Trammell Crow's 1.5 million square-foot industrial park at Pioneer and SH 161, and Salt Lick Restaurant near Joe Pool Lake at Lake Ridge Pkwy.
- ◆ Shippers Warehouse, logistics provider for Farley's and Sathers Candy Co., absorbed two distribution buildings vacated by Rooms To Go when they built their distribution campus across SH 360. Shippers occupied 512,241 square feet, the largest absorption by a single company in 2006. Nearby, at 2725 SH 360, ThyssenKrupp Elevator Services obtained 110,000 square feet.
- ◆ Imperial Supplies, Remington Wildlife Feeders and new to Grand Prairie, Oregon-based NTP Distribution, the third largest RV parts supplier in the U.S., were among companies featured in the national real estate daily, GlobeSt.com. Imperial, based in Green Bay, occupied 55,000 square feet for a regional distribution center. Remington began a relocation to Grand Prairie that involved moving three Texas sites to Grand Prairie and occupying 105,000 square feet at 602 Fountain Pkwy. Remington supplies Cabela's, Bass Pro Shops and Academy Sports and Outdoors. NTP is looking for 60,000 square feet in Grand Prairie's Great Southwest Industrial District, according to GlobeSt.
- ◆ Significant redevelopment also happened in 2006, such as, the purchase and planned renovation of the former DFW Medical Center and the extensive renovation of the former Wal-mart into an Asian marketplace named Asian Times Square. Renaissance Healthcare Systems plans to invest more than \$50 million to renovate and equip the former 300,000 square-foot DFW Medical Center at Hospital Blvd. and S. Great Southwest Pkwy. Additionally, Renaissance will build a 100,000 square-foot medical building on the hospital campus. Grand United Investments Group is planning a marketplace at the former Wal-Mart that is to include a grocery store, restaurants and retail shops, all of which could make the marketplace a regional destination point for shoppers of Asian products. Estimated cost of the renovation is \$13 million.

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	1,100
Siemens Energy and Automation, Inc.	Manufacturing of lighting and power panels and switchboards	600
Wal-Mart	Warehouse club and superstore	500
Hanson Pipe & Products	Manufacturer of large concrete pipes for drainage projects	500
Vought Aircraft Industries, Inc.	Commercial aircraft sub-assemblies	500
Pollock Paper	Corrugated and solid fiber box manufacturing	500
Republic Beverage Company	Wine and spirits wholesaler and distributor	500
American Eurocopter	Helicopter Assembly	500
SAIA Motor Freight Line	Freight Haulers	500
Arnold Transportation Services	General Freight Trucking	450
Office Depot Sales and Distribution Center	Sales and distribution center for office products supplier.	400
Solvay Engineered Polymers	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.

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 2006 accomplishments are:

- ◆ Opened Bowles Life Center, the 39,000+ square-foot recreation center equipped with weight room, full-scale gymnasium, indoor track, meeting rooms, public computer lab, branch library and police storefront.
- ◆ Purchased the Uptown Theatre, and began design of the \$3.5 million project to transform the former movie house into a fine arts center in 2008.
- ◆ Invested \$4.5 million from the 1/4 cent sales tax for street improvements to upgrade eight streets and seven alleys.
- ◆ Landed the Lake Prairie Town Center power center featuring Super Target and Home Depot and 23 store sites at Camp Wisdom and SH 360.
- ◆ Completed Camp Wisdom Road widening project.
- ◆ Construction of SH 161 frontage roads from I-20 to SH 183 began.
- ◆ Completed Fish Creek Linear Park trail, creating a 10 mile trail through Grand Prairie and Arlington; opened Bear Creek South Park, which includes a walking trail, pavilion, playground and basketball courts; completed playground at L.B.J. Park; completed renovation projects at other leisure sites.

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 county-wide appraisal agency. The historic and current property tax rates and levies are as follows:

	<u>FY 2007</u>	<u>FY 2006</u>	<u>FY 2005</u>	<u>FY 2004</u>	<u>FY 2003</u>
Per \$100 Assessed Value:					
Debt Service Fund	0.188498	0.195287	0.195287	0.195287	0.195287
General Fund	<u>0.481500</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 accountants are seriously evaluated and conscientiously implemented by the City. An internal auditor provides City staff the ability to document and implement more comprehensive internal controls as well as to evaluate them.

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

Financial Management Policies

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

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

The policies are reviewed by the City Council annually. 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 are currently under review for updates. The City is 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, 2006 the average remaining maturity was 345 days. The maximum weighted average maturity by policy is 365 days. The maximum maturity was two years, two months with the maximum allowed maturity according to policy being three years. Approximately 53% 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 2006, the City collected cash basis interest earnings of \$4,849,743 on an average invested balance of \$145,903,410. The City's average return on investments for the fiscal year was 3.32%. 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 \$91,447.

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, 2006, was performed by Weaver & Tidwell, 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 Weaver & Tidwell, 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 2005. The City believes the 2006 CAFR will meet the GFOA Certificate of Achievement program requirements. The City will submit its 2006 CAFR to GFOA to determine its eligibility for another Certificate of Achievement.

Acknowledgments

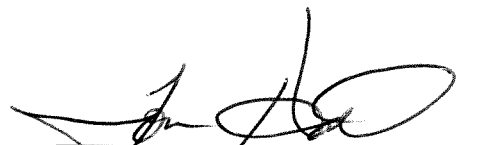
The preparation of the CAFR could not have been accomplished without the dedicated work of the entire Accounting Division staff, Cash and Debt Manager Tannie Camarata. Thanks are due also to Vivian Parker for administrative support, and Ken Unkart for graphics assistance and the Budget Department for budget related information.

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,



Diana G. Ortiz,
Chief Financial Officer



Tom Hart,
City Manager

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, 2005

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

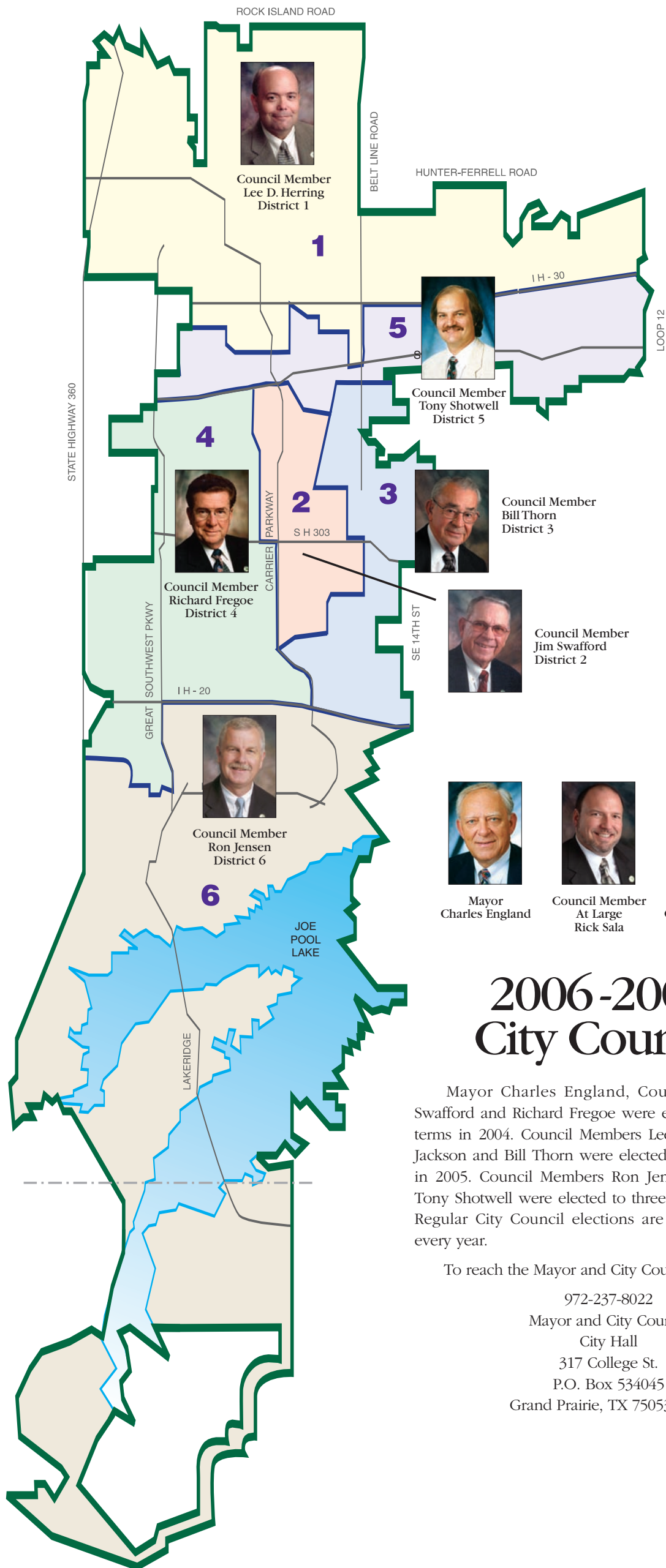


President

Executive Director



THIS PAGE IS INTENTIONALLY LEFT BLANK



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

2006-2007 City Council

Mayor Charles England, Council Members Jim Swafford and Richard Fregoe were elected to three-year terms in 2004. Council Members Lee D. Herring, Ruthe Jackson and Bill Thorn were elected to three-year terms in 2005. Council Members Ron Jensen, Rick Sala and Tony Shotwell were elected to three-year terms in 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

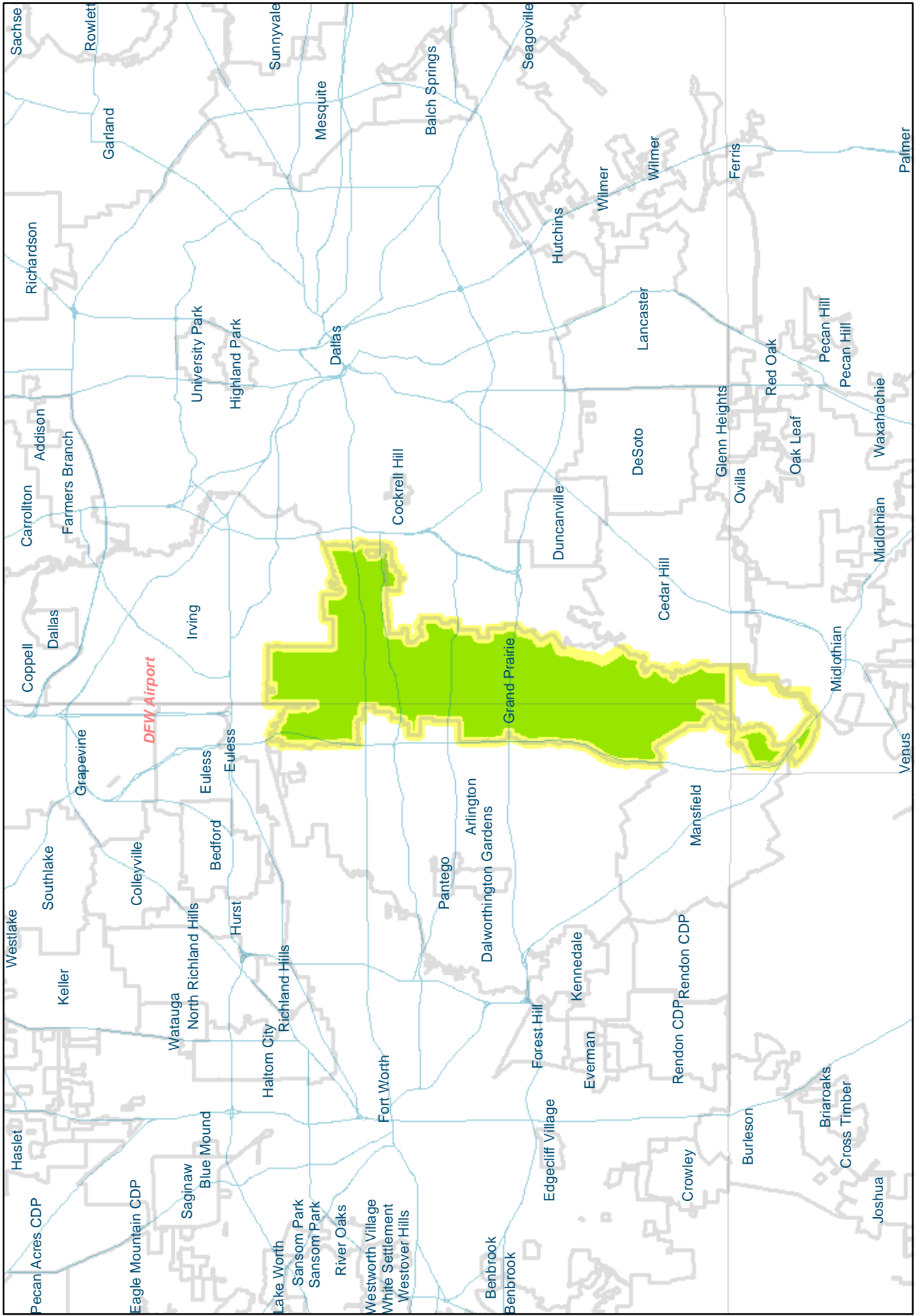
Tom Hart	City Manager
Tom Cox	Deputy City Manager
Anna Doll	Deputy City Manager
Christal Kliewer	Assistant to City Manager
Randy Byers	Airport Director
Steven Cherry	Court Services Director
Kathleen Cook	Budget Director
Bill Crolley	Director of Planning & Development
Jim Cummings	Environmental Services 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
Lisa Norris	Human Resources Director
Diana Ortiz	Chief Financial Officer
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

City of Grand Prairie Organizational Chart



City of Grand Prairie, Texas

Located in the middle of the Dallas-Fort Worth Metroplex





THIS PAGE IS INTENTIONALLY LEFT BLANK



**WEAVER
AND
TIDWELL**

L.L.P.

CERTIFIED PUBLIC
ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the 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 (the "City") as of and for the year ended September 30, 2006, which collectively comprise the City's basic financial statements, as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 provides a reasonable basis for our opinions.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the 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 at September 30, 2006, 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.

The accompanying management's discussion and analysis, the budget to actual schedules for the General Fund, Park Venue Fund and Section 8 Fund and schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.

DALLAS

Three Forest Plaza
12221 Merit Drive
Suite 1400
Dallas, Texas 75251-2280
972.490.1970
F 972.702.8321

FORT WORTH

1600 West Seventh Street
Suite 300
Fort Worth, Texas 76102-2506
817.332.7905
F 817.429.5936

WWW.WEAVERANDTIDWELL.COM

AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

City of Grand Prairie, Texas
Page Two

Our audit was made for the purpose of forming opinions on the basic financial statements taken as a whole. The introductory section, combining and individual non-major fund financial statements and schedules and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City. The combining and individual non-major fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such data.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 27, 2007

CITY OF GRAND PRAIRIE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2006
(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, 2006. 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, 2006 by \$484,371,303. Of this amount, \$89,159,298 may be used to meet the government's ongoing obligations to citizens and creditors (*unrestricted net assets*).
- ◆ The City's net assets increased by \$39,049,956 for the fiscal year ended September 30, 2006. Capital contributions from private developers for improvements to the City's infrastructure accounted for \$7,846,382 or 20.1 percent of the increase in city net assets.
- ◆ The City's governmental funds reported combined ending fund balances of \$86,852,110 at September 30, 2006, an increase of \$3,492,742 in comparison with prior year combined fund balances. Of the governmental funds reported combined fund balances, \$65,153,591 or 75.0 percent is available for spending within City guidelines (*unreserved fund balance*).
- ◆ The City's unreserved fund balance for the general fund was \$23,797,074 at year end or 33.3 percent of total general fund expenditures for the reported fiscal year.
- ◆ The City's total long-term liabilities of \$246,207,246 increased by \$6,849,724 or 2.8 percent during the reported fiscal year. In fiscal year 2006, the City issued general obligation, certificates of obligation, water and wastewater revenue, and TIF-related certificates of obligation bonds totaling a combined \$18,160,000.

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 presents information on all of the City's assets and liabilities, with the 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 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 levies 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 \$484,371,303 at year end. The City had total assets at year end of \$753,537,801. The City's pooled cash and investments totaling \$144,199,197 and capital assets (e.g., land, buildings, equipment, infrastructure, and construction in progress), net of accumulated depreciation totaling \$591,890,582 represented 19.1 percent and 78.5 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 \$388,505,681 and represented 80.2 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	
	9/30/2005	9/30/2006	9/30/2005	9/30/2006	9/30/2005	9/30/2006
Cash & investments	\$ 88,693,391	\$ 88,878,475	\$ 55,845,616	\$ 55,320,722	\$ 144,539,007	\$ 144,199,197
Other current assets	7,427,577	12,203,911	4,633,050	5,244,111	12,060,627	17,448,022
Capital assets, net	376,381,979	406,669,889	170,433,981	185,220,693	546,815,960	591,890,582
Total assets	472,502,947	507,752,275	230,912,647	245,785,526	703,415,594	753,537,801
Current liabilities	26,364,623	16,118,593	9,268,918	9,896,573	35,633,541	26,015,166
Long-term bonded debt	160,312,656	173,729,702	54,206,192	59,094,071	214,518,848	232,823,773
Other noncurrent liabilities	5,350,070	7,594,665	2,591,788	2,732,894	7,941,858	10,327,559
Total liabilities	192,027,349	197,442,960	66,066,898	71,723,538	258,094,247	269,166,498
Net assets:						
Invested in capital assets,						
net of related debt	237,535,813	255,230,188	130,998,728	133,275,493	368,534,541	388,505,681
Restricted	1,768,257	3,034,411	3,699,150	3,671,913	5,467,407	6,706,324
Unrestricted	41,171,528	52,044,716	30,147,871	37,114,582	71,319,399	89,159,298
Total net assets	\$ 280,475,598	\$ 310,309,315	\$ 164,845,749	\$ 174,061,988	\$ 445,321,347	\$ 484,371,303

A portion of the City's net assets totaling \$6,706,324 or 1.4 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 \$39,049,956 in fiscal year 2006. As previously mentioned, \$7,846,382 or 20.1 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 2006 compared to fiscal 2005 changes in the City's net assets were as follows:

Table 2

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities		Primary Government	
	9/30/05	9/30/06	9/30/05	9/30/06	9/30/05	9/30/06
Revenues:						
Program revenues:						
Charges for services	\$ 21,803,849	\$ 28,449,951	\$ 48,115,833	\$ 57,886,611	\$ 69,919,682	\$ 86,336,562
Operating grants and contributions	28,456,869	33,141,279	386,900	737,536	28,843,769	33,878,815
Capital grants and contributions	25,867,397	8,409,834	10,979,777	4,172,710	36,847,174	12,582,544
General revenues:						
Property tax	50,217,892	54,462,317	-	-	50,217,892	54,462,317
Sales tax	24,833,472	29,289,416	-	-	24,833,472	29,289,416
Other tax	1,803,169	1,299,365	-	-	1,803,169	1,299,365
Franchise fees	9,870,488	15,658,628	-	305,907	9,870,488	15,964,535
Investment income	2,820,035	4,735,009	288,044	1,685,867	3,108,079	6,420,876
Other	3,014,011	71,784	-	-	3,014,011	71,784
Total revenues	168,687,182	175,517,583	59,770,554	64,788,631	228,457,736	240,306,214
Expenses:						
Support services	13,933,988	16,056,516	-	-	13,933,988	16,056,516
Public safety	53,811,047	57,826,788	-	-	53,811,047	57,826,788
Recreation and leisure	14,491,018	15,606,279	-	-	14,491,018	15,606,279
Development and other services	40,009,351	50,642,965	-	-	40,009,351	50,642,965
Interest on long-term debt	7,482,003	7,679,557	-	-	7,482,003	7,679,557
Water and wastewater	-	-	36,537,343	39,746,718	36,537,343	39,746,718
Municipal golf course	-	-	3,451,846	3,390,562	3,451,846	3,390,562
Solid waste	-	-	6,422,295	7,320,755	6,422,295	7,320,755
Municipal airport	-	-	1,833,787	2,156,251	1,833,787	2,156,251
Storm water utility	-	-	834,331	829,867	834,331	829,867
Total expenses	129,727,407	147,812,105	49,079,602	53,444,153	178,807,009	201,256,258
Increase in net assets before transfers	38,959,775	27,705,478	10,690,952	11,344,478	49,650,727	39,049,956
Transfers	350,310	2,128,239	(350,310)	(2,128,239)	-	-
Change in net assets	39,310,085	29,833,717	10,340,642	9,216,239	49,650,727	39,049,956
Net assets - beginning of year - as previously stated	242,989,322	280,475,598	154,505,107	164,845,749	397,494,429	445,321,347
Prior period adjustment	(1,823,809)	-	-	-	(1,823,809)	-
Net assets - beginning of year - as restated	241,165,513	280,475,598	154,505,107	164,845,749	395,670,620	445,321,347
Net assets - end of year	\$ 280,475,598	\$ 310,309,315	\$ 164,845,749	\$ 174,061,988	\$ 445,321,347	\$ 484,371,303

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 9/30/05	Fiscal Year 9/30/06	Increase (Decrease)
Governmental activities:			
Property taxes	\$ 50,217,892	\$ 54,462,317	\$ 4,244,425
Sales taxes	24,833,472	29,289,416	4,455,944
Other taxes	1,803,169	1,299,365	(503,804)
Franchise fees	9,870,488	15,658,628	5,788,140
Investment income	2,820,035	4,735,009	1,914,974
Other	3,014,011	71,784	(2,942,227)
Total governmental activities	<u>92,559,067</u>	<u>105,516,519</u>	<u>12,957,452</u>
Business-type activities:			
Investment income	<u>288,044</u>	<u>1,685,867</u>	<u>1,397,823</u>
Total business-type activities	<u>288,044</u>	<u>1,685,867</u>	<u>1,397,823</u>
Total general revenues	<u>\$ 92,847,111</u>	<u>\$ 107,202,386</u>	<u>\$ 14,355,275</u>

The City’s \$1,914,974 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 \$4,244,425 due primarily to a 9.3% increase in net taxable assessed property values. Franchise fee revenue increased \$5,788,140 because of increased gross revenues of payors and a lawsuit settlement with one payor. Sales tax revenue increased \$4,455,944 due to a state reallocation of prior years' sales tax payments. Other revenues decreased \$2,942,227 due to an accounting reclassification to other operating revenue accounts.

Governmental activities. Net assets for governmental activities increased by \$29,833,717, thereby accounting for 76.4 percent of the total increase in the government’s net assets. Of the increase, contributions of infrastructure by private developers to the city represented 19.2 percent. An increase in governmental general revenues (excludes operating transfers) compared to prior fiscal year represented 22.9 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 \$4,684,410 reflecting increases in Section 8 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 forfeitures due to vigorous collection efforts. The \$17,457,563 decrease in capital grants and contributions was primarily due to a change in the method used to estimate developers' contributions.

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.

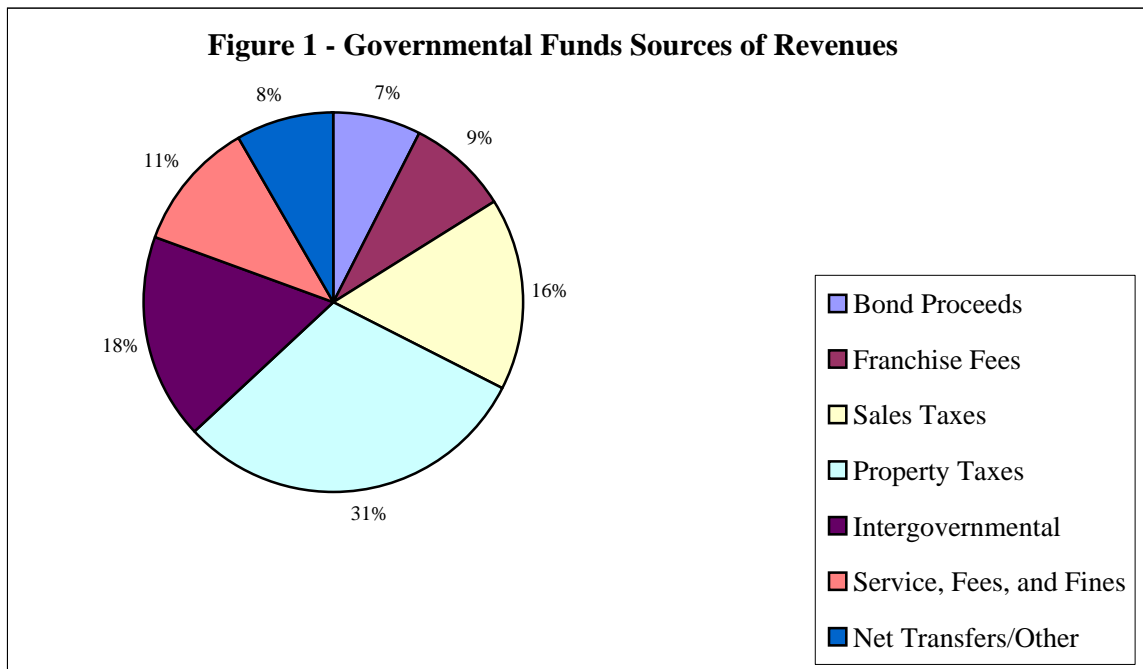
Business-type activities. Business-type activities increased the City’s net assets by \$9,216,239, accounting for 23.6 percent of the total growth in the primary government’s net assets. Of the increase, contributions by private developers to the City’s water and wastewater system infrastructure represented \$2,127,454 or 23.1 percent. Table 2 summarizes the changes in business-type activities net assets.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

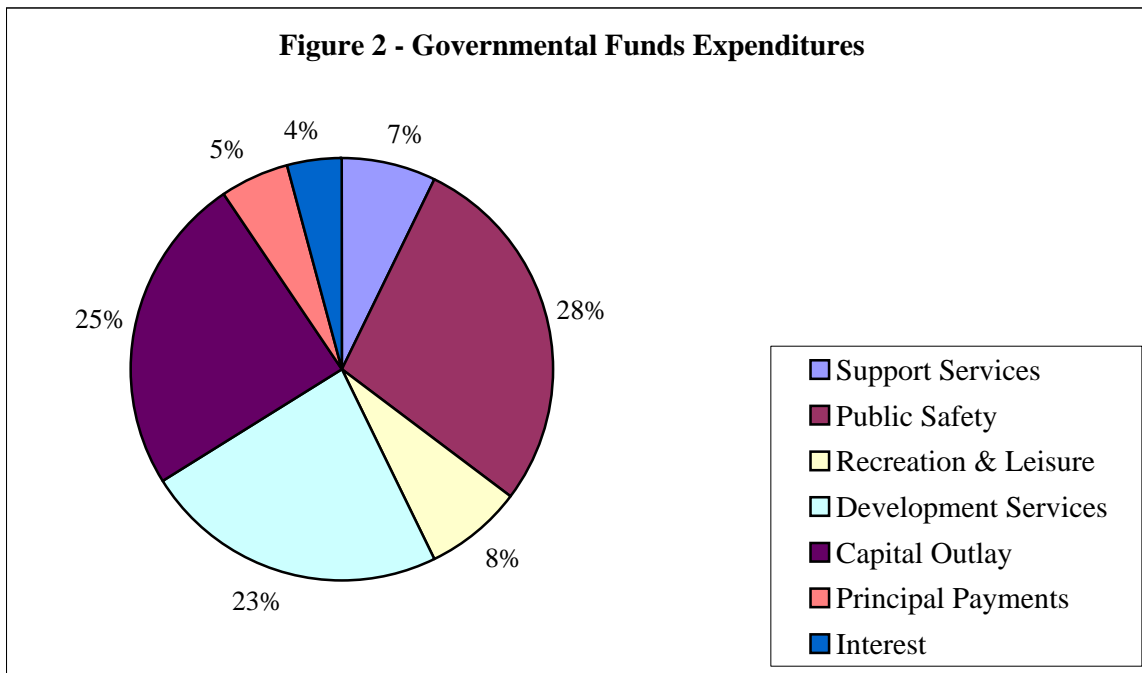
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 2006, the City's governmental funds (excluding internal service funds) reported combined ending fund balances of \$86,852,110, an increase of \$3,492,742 in comparison with the prior year. The unreserved fund balance portion is 75.0 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 - \$15,128,052, and 2) to pay debt service - \$6,570,468. Figures 1 and 2 that follow show the distribution of governmental funds sources of revenues - \$198,119,576 and expenditures - \$194,626,834 respectively, for fiscal year 2006.



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 \$23,797,074, while total fund balance was \$24,999,898. 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 33.3% of total general fund expenditures, while total fund balance represents 35.0% of that same amount. The City's General Fund balance increased by \$7,286,860 in fiscal year 2006. The General Fund reported significant increases property tax revenue, sales tax revenues and franchise fees.

Fund balances of several other governmental funds changed significantly. Fund balances of the Park Venue Fund and Street Improvements Fund decreased by \$3,982,872 and \$6,465,224, respectively, due to capital outlays. Section 8 Fund saw an increase in fund balance due to increased HUD funding and Debt Service Fund increased by \$2,541,974 due to increased property tax revenue. The fund balance of the nonmajor governmental funds increased by \$2,540,653 because of increased sales tax revenue and unspent proceeds of bonds issued during the year.

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 \$173,259,224 and \$2,263,367, respectively at September 30, 2006. The City's internal service funds reported a loss before transfers and capital contributions of \$155,595. The enterprise funds' amount invested in capital assets, net of related debt represented 76.6 percent of total enterprise funds net assets. The enterprise funds unrestricted net assets were 21.3 percent of total enterprise funds net assets. The internal service funds' amount invested in capital assets, net of related debt represented 44.4 percent of total internal service funds' net assets. The internal service funds unrestricted net assets were 55.6 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. The following Figures 3 and 4 show the proprietary funds revenues of \$78,632,497 and expenses of \$69,571,068 (excluding transfers and capital contributions) by activity.

Figure 3 - Proprietary Funds Revenues by Activity

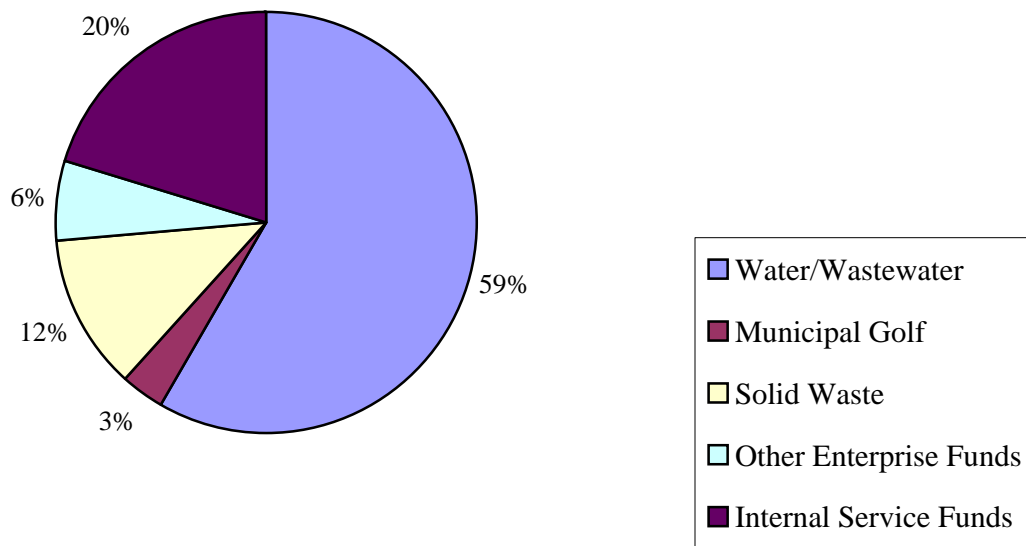
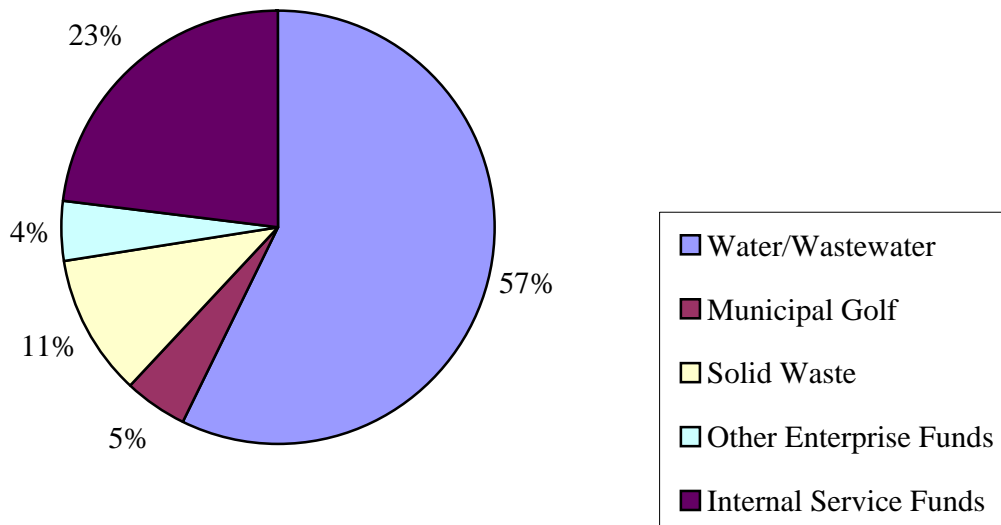


Figure 4 - Proprietary Fund Expenses by Activity



General Fund Budgetary Highlights

During the year there was a \$1,764,415 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 personnel costs, utilities and contract services and in development for street light costs. For the reported fiscal year, revenues exceeded budgetary estimates by \$6,917,737. Expenditures were under budgetary estimates by \$482,430. The fund realized an increase in fund balance of \$7,286,860 due to higher than budgeted revenues for sales tax and franchise fees. 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 \$591,890,582. 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 \$45,064,622 in fiscal year 2006.

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

- ◆ Private developer capital contributions of \$7,846,382 to the City's streets, water, sewer, and drainage infrastructure in connection with various residential and commercial developments.
- ◆ Capital outlay totaling \$6,561,996 for improvement of the City's parks and recreation facilities. Major improvements were made to facilities such as the completion and opening of the Bowles Life Center and Lloyd Park Cabins.
- ◆ Capital outlay totaling \$14,975,556 for improvements to various streets, sidewalks, entryways, pedestrian pathways and intersections in the City.
- ◆ Water and wastewater system capital improvements and expansion totaling \$17,808,199.

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	
	9/30/05	9/30/06	9/30/05	9/30/06	9/30/05	9/30/06
Land	\$ 19,868,466	\$ 19,929,001	\$ 3,251,674	\$ 3,251,674	\$ 23,120,140	\$ 23,180,675
Construction in progress	93,900,453	114,506,640	15,423,506	31,925,908	109,323,959	146,432,548
Depreciable capital assets	399,005,575	425,248,787	237,285,753	244,774,628	636,291,328	670,023,415
Accumulated depreciation	<u>(136,392,515)</u>	<u>(153,014,539)</u>	<u>(85,516,952)</u>	<u>(94,731,517)</u>	<u>(221,909,467)</u>	<u>(247,746,056)</u>
Total capital assets, net	<u>\$ 376,381,979</u>	<u>\$ 406,669,889</u>	<u>\$ 170,443,981</u>	<u>\$ 185,220,693</u>	<u>\$ 546,825,960</u>	<u>\$ 591,890,582</u>

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

Long-term debt. At September 30, 2006, 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	
	9/30/05	9/30/06	9/30/05	9/30/06	9/30/05	9/30/06
Bonded debt	169,392,584	\$ 173,729,702	\$ 57,084,917	\$ 59,094,071	\$ 226,477,501	\$ 232,823,773
Accrued compensated absences	9,997,946	10,433,011	320,613	269,617	10,318,559	10,702,628
Closure and post closure liability	-	-	2,445,115	2,680,845	2,445,115	2,680,845
Total long-term debt	\$ 179,390,530	\$ 184,162,713	\$ 59,850,645	\$ 62,044,533	\$ 239,241,175	\$ 246,207,246
Long-term debt to net assets percentage	64%	59%	36%	36%	54%	51%

Of the total bonded debt, \$154,405,000 or 66.0 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 \$18,160,000 in new bonded debt and repaid principal on bonds totaling \$12,075,000. The City's interest expense on its bonded debt was \$11,444,825 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 2007 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 4.8% which is typical for cities in the region.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2007:

- ◆ An increase in property tax assessed values for a twelfth consecutive year resulting in additional budgeted property tax revenues of \$4,583,653. The City's net taxable assessed property values increased by 9.3% to \$8,282,647,144 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 2007.
- ◆ A 6.5% increase in budgeted sales taxes revenues as compared to prior fiscal year budget due to an expected continued improvement to the 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 to remain the same as fiscal year 2006 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 2007 is \$175,746,975, an increase of \$11,685,334 or 7.1% as compared to prior fiscal year original budget. The general fund approved appropriations for fiscal year 2007 is \$89,191,891, an increase of \$9,221,818 or 11.5% from prior year. The remaining change in total budgeted operating appropriations and reserves includes increases of \$450,801 in the Storm Water Utility Fund, \$1,277,930 in the Solid Waste Fund, \$3,332,074 in the Water Wastewater Fund and \$622,723 in the Street Maintenance Fund. In addition, the City has approved an increase in debt service appropriations of \$1,018,195.

The City's total approved planned capital projects for fiscal year 2007 is \$30,955,911 compared to \$43,206,367 for the prior fiscal year. The fiscal 2007 planned capital projects includes \$8,697,442 for water and wastewater improvements, \$11,065,327 in street and signal improvements, \$1,061,867 in parks improvements and \$2,975,516 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 City Controller, City of Grand Prairie, Texas, 317 College Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006**

ASSETS	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Current assets:				
Cash and cash equivalents	\$ 5,481,331	\$ 4,163,088	\$ 9,644,419	\$ 6,706,282
Investments	20,634,830	45,375,309	66,010,139	-
Receivables (net of allowance for uncollectibles):				
Property tax	1,043,853	-	1,043,853	-
Franchise fees	2,754,447	-	2,754,447	-
Sales tax	5,074,416	-	5,074,416	1,691,472
Other receivables	1,812,558	3,437,707	5,250,265	171,725
Due from other governments	1,125,098	33,254	1,158,352	-
Internal balances	(802,764)	802,764	-	-
Inventories and supplies	376,083	450,083	826,166	-
Current restricted assets:				
Cash and cash equivalents	11,463,547	250,294	11,713,841	2,513,611
Investments	51,298,767	5,532,031	56,830,798	-
Total current assets	<u>100,262,166</u>	<u>60,044,530</u>	<u>160,306,696</u>	<u>11,083,090</u>
Noncurrent assets:				
Lease payments receivable	-	-	-	16,178,831
Deferred charges	820,220	520,303	1,340,523	160,319
Estimated unguaranteed residential value	-	-	-	67,491,511
Capital assets:				
Land	19,929,001	3,251,674	23,180,675	1,612,851
Buildings	62,021,682	7,301,177	69,322,859	21,239,620
Equipment	53,335,431	19,503,626	72,839,057	-
Infrastructure	309,891,674	217,969,825	527,861,499	-
Construction in progress	114,506,640	31,925,908	146,432,548	-
Less accumulated depreciation	(153,014,539)	(94,731,517)	(247,746,056)	(4,104,807)
Total noncurrent assets	<u>407,490,109</u>	<u>185,740,996</u>	<u>593,231,105</u>	<u>102,578,325</u>
Total assets	<u>507,752,275</u>	<u>245,785,526</u>	<u>753,537,801</u>	<u>113,661,415</u>
LIABILITIES				
Current liabilities:				
Accounts payable	127,682	22,908	150,590	185,606
Accrued liabilities	12,638,622	7,565,933	20,204,555	560,091
Deferred revenue	513,943	-	513,943	-
Customer deposits	-	2,090,164	2,090,164	34,219
Noncurrent liabilities:				
Due within one year:				
Accrued compensated absences	2,838,346	217,568	3,055,914	-
Current portion of long term debt	9,632,659	3,087,181	12,719,840	3,553,493
Due in more than one year:				
Accrued compensated absences	7,594,665	52,049	7,646,714	-
Closure and postclosure liability	-	2,680,845	2,680,845	-
Construction loan payable	-	-	-	3,081,455
Long term debt	164,097,043	56,006,890	220,103,933	17,556,877
Total liabilities	<u>197,442,960</u>	<u>71,723,538</u>	<u>269,166,498</u>	<u>24,971,741</u>
Invested in capital assets (net of related debt)	255,230,188	133,275,493	388,505,681	3,161,412
Restricted for:				
Debt service	3,034,411	3,671,913	6,706,324	439,767
Facility lease	-	-	-	76,638,018
Unrestricted	52,044,716	37,114,582	89,159,298	8,450,477
Total net assets	<u>\$ 310,309,315</u>	<u>\$ 174,061,988</u>	<u>\$ 484,371,303</u>	<u>\$ 88,689,674</u>

See accompanying notes to basic financial statements.

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

FUNCTIONS/ACTIVITY	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Support services	\$ 16,056,516	\$ 9,856,362	\$ 192,351	\$ -
Public safety services	57,826,788	8,982,681	1,254,062	304,595
Recreation and leisure services	15,606,279	3,502,325	741,580	-
Development services and other	50,642,965	6,108,583	30,953,286	8,105,239
Interest on long-term debt	7,679,557	-	-	-
Total governmental activities	<u>147,812,105</u>	<u>28,449,951</u>	<u>33,141,279</u>	<u>8,409,834</u>
Business-type activities:				
Water and wastewater	39,746,718	42,564,693	-	4,172,710
Municipal golf course	3,390,562	2,587,757	-	-
Solid waste	7,320,755	8,767,399	-	-
Municipal airport	2,156,251	1,496,579	737,536	-
Storm water	829,867	2,470,183	-	-
Total business-type activities	<u>53,444,153</u>	<u>57,886,611</u>	<u>737,536</u>	<u>4,172,710</u>
Total primary government	<u>\$ 201,256,258</u>	<u>\$ 86,336,562</u>	<u>\$ 33,878,815</u>	<u>\$ 12,582,544</u>
Component units:	<u>\$ 13,282,912</u>	<u>\$ 4,884,847</u>	<u>\$ -</u>	<u>\$ 137,039</u>
			General revenues:	
			Taxes:	
			Property tax	
			Sales tax	
			Hotel/motel tax and other taxes	
			Franchise fees	
			Investment income	
			Miscellaneous	
			Transfers	
			Total general revenues and transfers	
			Change in net assets	
			Net assets - beginning of year	
			Net assets - end of year	

See accompanying notes to basic financial statements.

(Continued)

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (6,007,803)	\$ -	\$ (6,007,803)	\$ -
(47,285,450)	-	(47,285,450)	
(11,362,374)	-	(11,362,374)	
(5,475,857)	-	(5,475,857)	
(7,679,557)	-	(7,679,557)	
<u>(77,811,041)</u>	<u>-</u>	<u>(77,811,041)</u>	
-	6,990,685	6,990,685	
-	(802,805)	(802,805)	
-	1,446,644	1,446,644	
-	77,864	77,864	
-	1,640,316	1,640,316	
-	9,352,704	9,352,704	
<u>(77,811,041)</u>	<u>9,352,704</u>	<u>(68,458,337)</u>	
			<u>(8,261,026)</u>
54,462,317	-	54,462,317	-
29,289,416	-	29,289,416	9,812,584
1,299,365	-	1,299,365	-
15,658,628	305,907	15,964,535	-
4,735,009	1,685,867	6,420,876	446,725
71,784	-	71,784	-
2,128,239	(2,128,239)	-	-
<u>107,644,758</u>	<u>(136,465)</u>	<u>107,508,293</u>	<u>10,259,309</u>
29,833,717	9,216,239	39,049,956	1,998,283
<u>280,475,598</u>	<u>164,845,749</u>	<u>445,321,347</u>	<u>86,691,391</u>
<u>\$ 310,309,315</u>	<u>\$ 174,061,988</u>	<u>\$ 484,371,303</u>	<u>\$ 88,689,674</u>

(Concluded)

**CITY OF GRAND PRAIRIE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

	<u>General</u>	<u>Park Venue</u>	<u>Section 8</u>	<u>Street Improvements</u>	<u>Debt Service</u>
ASSETS					
Cash and cash equivalents	\$ 5,063,870	\$ 2,457,277	\$ 2,079,268	\$ 105,417	\$ 1,030,511
Investments	17,011,439	7,254,979	1,056,846	13,940,121	2,237,342
Property tax receivable	738,004	-	-	-	305,849
Sales tax receivable	3,382,944	845,736	-	-	-
Franchise fees receivable	2,754,447	-	-	-	-
Other receivables	20,010	239,915	-	-	-
Inventory and supplies	5,697	-	-	-	-
Interfund receivables	613,893	-	-	-	-
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 29,590,304</u>	<u>\$ 10,797,907</u>	<u>\$ 3,136,114</u>	<u>\$ 14,045,538</u>	<u>\$ 3,573,702</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 110,019	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	3,934,294	898,219	38,853	1,560,228	7,701
Interfund payables	-	-	-	-	-
Deferred revenue	546,093	33,479	-	-	226,393
Total liabilities	<u>4,590,406</u>	<u>931,698</u>	<u>38,853</u>	<u>1,560,228</u>	<u>234,094</u>
Fund Balance:					
Reserved for:					
Encumbrances	1,197,127	1,062,503	2,466	3,685,932	-
Inventory and supplies	5,697	-	-	-	-
Bond debt service	-	2,399,317	-	-	3,339,608
Unreserved, designated for:					
Contingency	1,000,000	-	-	-	-
Capital projects	-	-	-	8,799,378	-
Unreserved, undesignated in:					
General Fund	22,797,074	-	-	-	-
Special Revenue Funds	-	6,404,389	3,094,795	-	-
Total fund balance	<u>24,999,898</u>	<u>9,866,209</u>	<u>3,097,261</u>	<u>12,485,310</u>	<u>3,339,608</u>
Total liabilities and fund balance	<u>\$ 29,590,304</u>	<u>\$ 10,797,907</u>	<u>\$ 3,136,114</u>	<u>\$ 14,045,538</u>	<u>\$ 3,573,702</u>

(Continued)

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 5,565,074	\$ 16,301,417
26,809,479	68,310,206
-	1,043,853
845,736	5,074,416
-	2,754,447
1,552,633	1,812,558
-	5,697
-	613,893
1,125,098	1,125,098
\$ 35,898,020	\$ 97,041,585

\$ 17,663	\$ 127,682
1,945,595	8,384,890
533,438	533,438
337,500	1,143,465
2,834,196	10,189,475

9,174,326	15,122,354
-	5,697
831,543	6,570,468
-	1,000,000
8,722,635	17,522,013
-	22,797,074
14,335,320	23,834,504
33,063,824	86,852,110
\$ 35,898,020	\$ 97,041,585
	(Concluded)



THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF GRAND PRAIRIE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006**

Total fund balance - total governmental funds \$ 86,852,110

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 \$1,004,084. 405,665,805

Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds. 629,522

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. (981,039)

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). 1,460,603

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	\$ (71,436,114)	
Certificates of obligation	(72,251,106)	
Sales tax revenue bonds	(30,430,000)	
Unamortized bond issuance costs	820,220	
Unamortized bond premium/discount, net	(195,385)	
Unamortized loss of refunding	582,903	
Compensated Absences	(10,408,204)	(183,317,686)

Net assets of governmental activities \$ 310,309,315

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, 2006**

	<u>General</u>	<u>Park Venue</u>	<u>Section 8</u>	<u>Street Improvements</u>	<u>Debt Service Fund</u>
REVENUE					
Property tax	\$ 34,490,075	\$ -	\$ -	\$ -	\$ 14,016,650
Sales tax	19,476,832	4,906,292	-	-	-
Other taxes	249,175	-	-	-	-
Franchise fees	15,658,628	-	-	-	-
Charges for goods and service	4,167,179	1,705,476	-	-	-
Licenses and permits	3,149,688	-	-	-	-
Fines and forfeitures	5,304,252	-	-	-	-
Special assessments	-	-	-	-	-
Intergovernmental revenue	514,082	-	21,978,965	-	-
General and administrative revenue	2,408,154	-	-	-	-
Investment income	827,600	421,026	7,135	607,820	218,141
Contributions	-	15,348	-	-	-
Other	569,217	4,423	176,007	655,169	-
Total revenue	<u>86,814,882</u>	<u>7,052,565</u>	<u>22,162,107</u>	<u>1,262,989</u>	<u>14,234,791</u>
EXPENDITURES					
Current operations:					
Support services	9,180,480	-	-	-	20,000
Public safety services	47,593,852	-	-	-	-
Recreation and leisure services	1,815,697	9,369,133	-	-	-
Development services and other	12,258,488	-	19,481,380	1,024,738	-
Capital outlay	669,930	6,561,996	-	14,975,556	-
Debt service:					
Principal retirement	-	1,087,502	-	-	6,897,426
Interest expense	-	1,619,312	-	-	4,276,657
Total expenditures	<u>71,518,447</u>	<u>18,637,943</u>	<u>19,481,380</u>	<u>16,000,294</u>	<u>11,194,083</u>
Excess (deficiency) of revenue over (under) expenditures	<u>15,296,435</u>	<u>(11,585,378)</u>	<u>2,680,727</u>	<u>(14,737,305)</u>	<u>3,040,708</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,215,897	7,789,922	33,528	3,618,000	57,276
Transfers out	(9,225,472)	(187,416)	(172,281)	(205,786)	(1,554,333)
Sale of capital assets	-	-	-	-	-
Premium on debt issued	-	-	-	-	27,700
Bonds issued	-	-	-	4,859,867	-
Total other financing sources (uses)	<u>(8,009,575)</u>	<u>7,602,506</u>	<u>(138,753)</u>	<u>8,272,081</u>	<u>(1,469,357)</u>
Net change in fund balance	7,286,860	(3,982,872)	2,541,974	(6,465,224)	1,571,351
Fund balance - beginning of year	17,713,038	13,849,081	555,287	18,950,534	1,768,257
Fund balance - end of the year	<u>\$ 24,999,898</u>	<u>\$ 9,866,209</u>	<u>\$ 3,097,261</u>	<u>\$ 12,485,310</u>	<u>\$ 3,339,608</u>

(Continued)

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 5,955,592	\$ 54,462,317
4,906,292	29,289,416
1,050,190	1,299,365
-	15,658,628
1,664,824	7,537,479
154,400	3,304,088
233,615	5,537,867
980,999	980,999
8,822,376	31,315,423
-	2,408,154
2,539,189	4,620,911
3,158,852	3,174,200
2,208,248	3,613,064
31,674,577	163,201,911
3,674,869	12,875,349
1,453,072	49,046,924
2,009,250	13,194,080
7,894,383	40,658,989
20,828,210	43,035,692
1,095,000	9,079,928
1,437,241	7,333,210
38,392,025	175,224,172
(6,717,448)	(12,022,261)
8,937,308	21,651,931
(8,057,374)	(19,402,662)
71,784	71,784
-	27,700
8,306,383	13,166,250
9,258,101	15,515,003
2,540,653	3,492,742
30,523,171	83,359,368
\$ 33,063,824	\$ 86,852,110
	(Concluded)

Other Governmental Funds	Total Governmental Funds
\$ 5,955,592	\$ 54,462,317
4,906,292	29,289,416
1,050,190	1,299,365
-	15,658,628
1,664,824	7,537,479
154,400	3,304,088
233,615	5,537,867
980,999	980,999
8,822,376	31,315,423
-	2,408,154
2,539,189	4,620,911
3,158,852	3,174,200
2,208,248	3,613,064
31,674,577	163,201,911
3,674,869	12,855,349
1,453,072	49,046,924
2,009,250	13,194,080
7,894,383	40,658,989
20,828,210	43,035,692
1,095,000	9,079,928
1,437,241	7,353,210
38,392,025	175,224,172
(6,717,448)	(12,022,261)
8,937,308	21,651,931
(8,057,374)	(19,402,662)
71,784	71,784
-	27,700
8,306,383	13,166,250
9,258,101	15,515,003
2,540,653	3,492,742
30,523,171	83,359,368
\$ 33,063,824	\$ 86,852,110
	(Concluded)



THIS PAGE IS INTENTIONALLY LEFT BLANK

**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, 2006**

Net change in fund balances - total governmental funds \$ 3,492,742

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. 43,035,692

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 \$106,314 depreciation expense of the Internal Service funds. (17,261,586)

Governmental funds do not report developers' contributions as revenues, whereas these amounts are reported in the statement of activities as contributions not restricted to specific programs. 5,718,928

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. (435,065)

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. (68,856)

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. (4,371,513)

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. (276,625)

Change in net assets of governmental activities \$ 29,833,717

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2006

	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	\$ 2,586,881	\$ 108,966	\$ 1,045,644	\$ 421,597	\$ 4,163,088	\$ 417,461
Investments	34,637,156	868,626	8,004,196	1,865,331	45,375,309	3,623,391
Accounts receivable, net	2,939,377	-	315,506	182,824	3,437,707	-
Intergovernmental receivables	-	-	-	33,254	33,254	-
Inventories and supplies	384,413	-	-	65,670	450,083	370,386
Deferred charges	516,647	3,656	-	-	520,303	-
Current restricted assets:						
Cash and cash equivalents	-	146,569	-	103,725	250,294	226,000
Investments	5,226,247	200,710	58,629	46,445	5,532,031	-
Total current assets	<u>46,290,721</u>	<u>1,328,527</u>	<u>9,423,975</u>	<u>2,718,846</u>	<u>59,762,069</u>	<u>4,637,238</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	13,095,675	1,032,386	4,848,811	526,754	19,503,626	1,514,467
Infrastructure	193,638,407	7,774,839	6,926,353	9,630,226	217,969,825	16,672
Construction in progress	27,250,862	1,611,815	989,263	2,073,968	31,925,908	-
Less accumulated depreciation	(80,576,753)	(4,448,252)	(4,227,902)	(5,478,610)	(94,731,517)	(2,742,496)
Total capital assets	<u>156,520,325</u>	<u>8,393,907</u>	<u>11,010,972</u>	<u>9,295,489</u>	<u>185,220,693</u>	<u>1,004,084</u>
Total assets	<u>202,811,046</u>	<u>9,722,434</u>	<u>20,434,947</u>	<u>12,014,335</u>	<u>244,982,762</u>	<u>5,641,322</u>
LIABILITIES						
Current liabilities:						
Accounts payable	22,380	-	-	528	22,908	-
Accrued liabilities	5,979,317	147,458	483,967	350,211	6,960,953	3,046,693
Accrued compensated absences	140,861	25,774	38,596	12,337	217,568	21,689
Interfund payables	-	-	-	-	-	80,455
Current liabilities payable from restricted assets:						
Customer deposits	2,042,913	-	806	46,445	2,090,164	-
Accrued liabilities	545,878	43,604	1,773	13,725	604,980	226,000
Current portion of long term debt	2,637,456	303,675	56,050	90,000	3,087,181	-
Total current liabilities	<u>11,368,805</u>	<u>520,511</u>	<u>581,192</u>	<u>513,246</u>	<u>12,983,754</u>	<u>3,374,837</u>
Noncurrent liabilities:						
Accrued compensated absences	14,172	14,146	17,081	6,650	52,049	3,118
Closure and postclosure liability	-	-	2,680,845	-	2,680,845	-
Long term debt	45,794,891	7,695,219	201,780	2,315,000	56,006,890	-
Total noncurrent liabilities	<u>45,809,063</u>	<u>7,709,365</u>	<u>2,899,706</u>	<u>2,321,650</u>	<u>58,739,784</u>	<u>3,118</u>
Total liabilities	<u>57,177,868</u>	<u>8,229,876</u>	<u>3,480,898</u>	<u>2,834,896</u>	<u>71,723,538</u>	<u>3,377,955</u>
NET ASSETS						
Invested in capital assets (net of related debt)	115,229,625	402,237	10,753,142	6,890,489	133,275,493	1,004,084
Restricted for debt service	3,183,334	327,031	57,823	103,725	3,671,913	-
Unrestricted	27,220,219	763,290	6,143,084	2,185,225	36,311,818	1,259,283
Total net assets	<u>\$ 145,633,178</u>	<u>\$ 1,492,558</u>	<u>\$ 16,954,049</u>	<u>\$ 9,179,439</u>	<u>\$ 173,259,224</u>	<u>\$ 2,263,367</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	(802,764)
Net assets of business-type activities					<u>\$ 174,061,988</u>	<u>\$ 1,460,603</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, 2006

	Business-Type Activities				Total	Governmental Activities Internal Service Funds
	Enterprise Funds					
	Water Wastewater	Municipal Golf	Solid Waste	Other		
OPERATING REVENUE						
Sales to customers	\$ 25,037,377	\$ 2,038,443	\$ 8,761,304	\$ 3,926,996	\$ 39,764,120	\$ 3,250,194
Wastewater charges to customers	14,105,857	-	-	-	14,105,857	-
Franchise fees	-	-	305,907	-	305,907	-
Water and wastewater fees	1,168,656	-	-	-	1,168,656	-
Wastewater surcharges	640,335	-	-	-	640,335	-
Intergovernmental revenue	-	-	-	737,536	737,536	-
Insurance premiums	-	-	-	-	-	12,467,221
Miscellaneous	1,612,468	549,314	6,095	39,766	2,207,643	139,807
Total operating revenue	42,564,693	2,587,757	9,073,306	4,704,298	58,930,054	15,857,222
OPERATING EXPENSE						
Salaries and personal benefits	4,753,053	953,679	1,446,319	361,831	7,514,882	1,015,453
Supplies and miscellaneous purchases	549,235	376,275	392,847	845,930	2,164,287	1,768,509
Purchased services	4,651,788	1,263,077	3,981,103	936,558	10,832,526	520,981
Insurance costs	-	-	-	-	-	12,590,958
Water purchases	9,260,747	-	-	-	9,260,747	-
Wastewater treatment	7,444,990	-	-	-	7,444,990	-
Miscellaneous	134,184	930	36,023	9,351	180,488	-
Depreciation	7,408,130	447,424	763,271	597,952	9,216,777	106,314
Franchise fees	1,604,168	-	497,631	98,741	2,200,540	-
General and administrative costs	2,021,376	-	188,237	22,972	2,232,585	-
Total operating expense	37,827,671	3,041,385	7,305,431	2,873,335	51,047,822	16,002,215
Operating income (loss)	4,737,022	(453,628)	1,767,875	1,830,963	7,882,232	(144,993)
NONOPERATING REVENUE						
(EXPENSE)						
Impact fees	2,045,256	-	-	-	2,045,256	-
Investment income	1,243,489	42,060	344,756	55,562	1,685,867	114,098
Loss on property disposition	(31,434)	-	-	-	(31,434)	(124,700)
Interest expense	(1,887,613)	(349,177)	(15,324)	(112,783)	(2,364,897)	-
Total nonoperating revenue (expense)	1,369,698	(307,117)	329,432	(57,221)	1,334,792	(10,602)
Income (loss) before contributions and transfers	6,106,720	(760,745)	2,097,307	1,773,742	9,217,024	(155,595)
Transfers in	587,862	951,266	10,240	-	1,549,368	17,493
Transfers out	(1,347,968)	-	(703,938)	(1,625,701)	(3,677,607)	(138,523)
Capital contributions	2,127,454	-	-	-	2,127,454	-
Change in net assets	7,474,068	190,521	1,403,609	148,041	9,216,239	(276,625)
Net assets - beginning of the year	138,159,110	1,302,037	15,550,440	9,031,398	164,042,985	2,539,992
Net assets - end of the year	\$ 145,633,178	\$ 1,492,558	\$ 16,954,049	\$ 9,179,439	\$ 173,259,224	\$ 2,263,367

Reconciliation to government-wide Statement of Activities:

The City no longer allocates internal service funds' change in net assets to business-type activities

See accompanying notes to basic financial statements.



THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Business-Type Activities--Enterprise Funds				Total	Governmental
	Water Wastewater	Municipal Golf Course	Solid Waste	Other		Activities Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	\$ 40,698,905	\$ 2,038,443	\$ 9,011,736	\$ 4,712,500	\$ 56,461,584	\$ 3,250,194
Cash received from other funds for services	-	-	-	(70,667)	(70,667)	12,467,221
Cash payments to suppliers for goods and services	(26,683,333)	(1,735,208)	(4,651,131)	(1,878,086)	(34,947,758)	(15,148,716)
(Increase) in deferred charges	-	-	-	-	-	-
Cash payments to employees for services	(4,793,312)	(960,994)	(1,449,567)	(362,005)	(7,565,878)	(1,012,437)
Cash payments to other funds for services	(1,604,168)	-	(497,631)	(98,741)	(2,200,540)	-
Other operating cash receipts (payments)	7,274,487	658,417	348,603	370,728	8,652,235	646,652
Net cash provided (used) by operating activities	<u>14,892,579</u>	<u>658</u>	<u>2,762,010</u>	<u>2,673,729</u>	<u>20,328,976</u>	<u>202,914</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	587,862	951,266	10,240	-	1,549,368	17,493
Transfers to other funds	(1,347,968)	-	(703,938)	(1,625,701)	(3,677,607)	(138,523)
Net cash provided (used) by noncapital financing activities	<u>(760,106)</u>	<u>951,266</u>	<u>(693,698)</u>	<u>(1,625,701)</u>	<u>(2,128,239)</u>	<u>(121,030)</u>
Cash flows from capital and related financing activities:						
Capital outlays	(21,219,479)	(341,696)	(909,970)	(1,522,344)	(23,993,489)	117,274
Impact fees received	2,045,256	-	-	-	2,045,256	-
Contributions	2,127,454	-	-	-	2,127,454	-
Proceeds from disposal of capital assets	4,623	-	-	-	4,623	-
Interest paid on bonds and line of credit	(1,887,613)	(349,177)	(15,324)	(112,783)	(2,364,897)	-
Repayment of principal on bonds	(2,634,852)	(290,928)	(53,690)	(85,000)	(3,064,470)	-
Proceeds from issuance of bonds	4,767,470	153,750	-	-	4,921,220	-
Net cash used by capital and related financing activities	<u>(16,797,141)</u>	<u>(828,051)</u>	<u>(978,984)</u>	<u>(1,720,127)</u>	<u>(20,324,303)</u>	<u>117,274</u>
Cash flows from investing activities:						
Investment earnings received on cash and investments	1,243,489	42,060	344,756	55,562	1,685,867	114,098
Purchase of investments	(9,852,799)	(336,763)	(460,066)	(1,255,355)	(11,904,983)	(858,928)
Sale of investments	-	-	-	-	-	259,785
Net cash provided (used) by investing activities	<u>(8,609,310)</u>	<u>(294,703)</u>	<u>(115,310)</u>	<u>(1,199,793)</u>	<u>(10,219,116)</u>	<u>(485,045)</u>
Net increase (decrease) in cash and cash equivalents	<u>(11,273,978)</u>	<u>(170,830)</u>	<u>974,018</u>	<u>(1,871,892)</u>	<u>(12,342,682)</u>	<u>(285,887)</u>
Cash and cash equivalents - beginning 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>
Cash and cash equivalents - end of year	<u>\$ 2,586,881</u>	<u>\$ 255,535</u>	<u>\$ 1,045,644</u>	<u>\$ 525,322</u>	<u>\$ 4,413,382</u>	<u>\$ 643,461</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:						
Net operating income (loss)	\$ 4,737,022	\$ (453,628)	\$ 1,767,875	\$ 1,830,963	7,882,232	\$ (144,993)
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	7,408,130	447,424	763,271	597,952	9,216,777	106,314
Change in assets and liabilities:						
(Increase) in customer accounts receivable	(436,823)	-	(55,475)	-	(492,298)	-
Decrease in other accounts receivable	-	-	-	6,735	6,735	-
Decrease (increase) in inventories and supplies	14,660	-	-	(25,550)	(10,890)	(155,695)
(Decrease) in accounts payable	(2,769,857)	(95,856)	(324,674)	(47,076)	(3,237,463)	(151,573)
Increase in other accrued liabilities	5,796,203	110,033	378,531	302,900	6,587,667	465,390
Increase in interfund liabilities	-	-	-	-	-	80,455
Increase in customer deposits	183,503	-	-	7,979	191,482	-
(Decrease) in accrued compensated absences	(40,259)	(7,315)	(3,248)	(174)	(50,996)	3,016
Increase in closure and post closure payable	-	-	235,730	-	235,730	-
Net cash provided (used) by operating activities	<u>\$ 14,892,579</u>	<u>\$ 658</u>	<u>\$ 2,762,010</u>	<u>\$ 2,673,729</u>	<u>\$ 20,328,976</u>	<u>\$ 202,914</u>

Noncash investing, capital, and financing activities:

The Water and Wastewater Fund received \$2,127,454 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 \$125,332, \$3,781, and \$28,510, respectively. The change in fair value of investments was \$6,760 for other enterprise funds and \$12,812 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, 2006 FOR GRAND PRAIRIE SPORTS
 DEVELOPMENT CORPORATION, INC.
 DECEMBER 31, 2005 FOR GRAND PRAIRIE HOUSING
 FINANCE CORPORATION**

	Housing Finance Corporation December 31, 2005	Sports Facilities Development Corporation September 30, 2006	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 418,458	\$ 6,287,824	\$ 6,706,282
Sales tax receivable	-	1,691,472	1,691,472
Other current assets	25,189	11,983	37,172
Minimum lease payments receivable - current portion	-	134,553	134,553
Current Restricted assets:			
Cash and cash equivalents	2,215,091	298,520	2,513,611
Total current assets	<u>2,658,738</u>	<u>8,424,352</u>	<u>11,083,090</u>
Noncurrent assets:			
Minimum lease payments receivable	-	16,178,831	16,178,831
Deferred charges	-	160,319	160,319
Estimated unguaranteed residential value	-	67,491,511	67,491,511
Capital assets:			
Land	1,612,851	-	1,612,851
Buildings	21,239,620	-	21,239,620
Machinery and equipment	-	-	-
Construction in progress	-	-	-
Less accumulated depreciation	(4,104,807)	-	(4,104,807)
Total capital assets	<u>18,747,664</u>	<u>-</u>	<u>18,747,664</u>
Total noncurrent assets	<u>18,747,664</u>	<u>83,830,661</u>	<u>102,578,325</u>
Total assets	<u>21,406,402</u>	<u>92,255,013</u>	<u>113,661,415</u>
LIABILITIES			
Current liabilities:			
Accounts payable	180,812	4,794	185,606
Accrued interest liability	534,488	-	534,488
Current liabilities payable from restricted assets:			
Accrued interest liability	-	25,603	25,603
Customer deposits	34,219	-	34,219
Current portion of long term debt	53,493	3,500,000	3,553,493
Total current liabilities	<u>803,012</u>	<u>3,530,397</u>	<u>4,333,409</u>
Noncurrent liabilities:			
Construction loan payable	3,081,455	-	3,081,455
Revenue bonds	13,890,000	-	13,890,000
Sales tax revenue bonds	-	3,666,877	3,666,877
Total noncurrent liabilities	<u>16,971,455</u>	<u>3,666,877</u>	<u>20,638,332</u>
Total liabilities	<u>17,774,467</u>	<u>7,197,274</u>	<u>24,971,741</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,161,412	-	3,161,412
Restricted for:			
Debt service	122,497	317,270	439,767
Facility lease, net of related debt	-	76,638,018	76,638,018
Unrestricted	348,026	8,102,451	8,450,477
Total net assets	<u>\$ 3,631,935</u>	<u>\$ 85,057,739</u>	<u>\$ 88,689,674</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, 2006 FOR GRAND PRAIRIE SPORTS
DEVELOPMENT CORPORATION, INC.
DECEMBER 31, 2005 FOR GRAND PRAIRIE HOUSING
FINANCE CORPORATION**

	Housing Finance Corporation December 31, 2005	Sports Facilities Development Corporation September 30, 2006	Total
OPERATING REVENUE			
Rental income	\$ 3,182,502	\$ 1,662,909	\$ 4,845,411
Other	39,436	-	39,436
Total operating revenue	<u>3,221,938</u>	<u>1,662,909</u>	<u>4,884,847</u>
OPERATING EXPENSE			
Amortization of cost of facilities	-	3,271,024	3,271,024
Depreciation expense	979,251	26,212	1,005,463
General and administrative expenses	3,185,472	104,025	3,289,497
Total operating expense	<u>4,164,723</u>	<u>3,401,261</u>	<u>7,565,984</u>
Operating income (loss)	<u>(942,785)</u>	<u>(1,738,352)</u>	<u>(2,681,137)</u>
NONOPERATING REVENUE (EXPENSE)			
Investment income	80,921	365,804	446,725
Interest expense	(1,096,946)	(4,619,982)	(5,716,928)
Sales tax	-	9,812,584	9,812,584
Total nonoperating revenue (expense)	<u>(1,016,025)</u>	<u>5,558,406</u>	<u>4,542,381</u>
Income (loss) before contribution	(1,958,810)	3,820,054	1,861,244
Contributions, net	-	137,039	137,039
Change in net assets	(1,958,810)	3,957,093	1,998,283
Net assets - beginning of the year	<u>5,590,745</u>	<u>81,100,646</u>	<u>86,691,391</u>
Net assets - end of the year	<u>\$ 3,631,935</u>	<u>\$ 85,057,739</u>	<u>\$ 88,689,674</u>

See accompanying notes to basic financial statements.



THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

INDEX

	Page
1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	35
a. Introduction	35
b. Financial Reporting Entity	35
1. Component Unit – Sports Corporation	35
2. Component Unit – Housing Finance Corporation	36
3. Related Autonomous Entities	37
c. Government-wide financial statements and fund financial statements	37
d. Measurement Focus and Basis of Accounting	39
1. Governmental Funds	39
2. Proprietary Funds	40
e. Assets, Liabilities, Fund Balance/Net Assets and Other	41
1. Pooled Cash, Investments and Temporary Deposits	41
2. Inventories	42
3. Capital Assets and Depreciation	42
4. Encumbrances	42
5. Compensated Absences	43
6. Risk Management	43
7. Depository Contract	44
8. Deferred Revenue	45
f. New Accounting Principles	45
2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY	46
a. Budget Law and Practice	46
b. Budgetary Control	47
c. Budget Amendments	47
d. Deficit Fund Equity	47
3. DETAILED NOTES ON ALL FUNDS	47
a. Assets	47
1. Deposits, Investments and Investment Policies	47
2. Capital Assets	51

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

	Page
b. Liabilities	53
1. Retirement Plan	53
2. Long-Term Debt	55
a. Governmental Activities Long-Term Debt	56
i. General Obligation Debt	56
ii. Sales Tax Debt	56
b. Business Type Activities Long-Term Debt	62
i. Water and Wastewater System Debt	64
ii. Municipal Golf Course Long-Term Debt	66
iii. Solid Waste Long-Term Debt	68
iv. Municipal Airport Long-Term Debt	69
c. Grand Prairie Sports Facility Development Corporation Long-Term Debt	70
d. Grand Prairie Housing Finance Corporation Long-Term Debt	72
3. Closure and Post Closure Liability	73
c. Fund Equity and Net Assets	74
1. Reserved Fund Balance	74
2. Designated Fund Balance	74
3. Net Assets: Invested in capital assets, net of related debt	74
4. Net Assets: Restricted for Debt Service	74
5. Net Assets: Unrestricted	74
d. Interfund Transactions	74
1. Interfund Receivables/Payables	74
2. Interfund Transfers	75
3. Cost Reimbursements	76
4. Franchise Fees	76
5. Payments in Lieu of Property Taxes	77
e. Leases	77
4. CONTRACTS, COMMITMENTS, AND CONTINGENT LIABILITIES	78
a. Federal Grants	78
b. Litigation	79
c. Water Intake Facility Contract	79
d. Water Purchase Contracts	79
e. Wastewater Treatment Contract	79
f. Master and Other Agreements	80
g. Construction Commitments	80
5. SEGMENT INFORMATION FOR ENTERPRISE FUNDS	81
6. CONDENSED INFORMATION FOR COMPONENT UNITS	82
7. SUBSEQUENT EVENTS	83

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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, 2006.

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 are 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

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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, 2006 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

NOTES TO BASIC FINANCIAL STATEMENTS SEPTEMBER 30, 2006

removed by the City Council. The city is not financially obligated for any debt of the HFC. Complete separate December 31, 2005 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, 2005 to September 30, 2006. 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)

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, 2006, 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.

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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.

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds, and the City's internal service funds are charges to customers for water sales, utility charges, and municipal golf course fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of revenues earned, expenses incurred and/or net income (loss), is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The enterprise funds of the City are classified as business-type activities in the government-wide statements of net assets and activities.

Internal Service Funds

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

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

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

1) Pooled Cash, Investments and Temporary Deposits

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

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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.

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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, an internal service fund. The City's workers' compensation liability coverage is up to \$200,000 per occurrence subject to an annual aggregate retention of \$850,000 in fiscal year 2006. All liability coverages (i.e. general, automobile, law enforcement, errors and omissions, and aviation) have a \$50,000 self-insured retention and are 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 coverage. The TML Risk Pool is self-sustaining through annual member premiums and stop loss reinsurance coverage through various commercial insurers for excess claims.

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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, 2006 was \$2,698,976. 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>Claims and Change in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2006	\$ 2,768,768	\$ 12,521,165	\$ 12,590,957	\$ 2,698,976
2005	2,763,302	10,525,525	10,520,059	2,768,768

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.

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

8) Deferred Revenue

At fiscal year-end four funds reported deferred revenue. In the general fund and debt service fund, deferred revenue is reported for property tax receivables expected to be collected later than 60-days after the end of the fiscal year. These amounts are \$596,043 and \$226,393, respectively. Because the total amount of \$772,486 represents unavailable revenue, they are included as property tax revenue at the government-wide level. In the Lake Parks special revenue fund and the Parks Venue special revenue fund, deposits for scheduled rentals and upcoming events are recorded as deferred income until the rental periods or events are completed. These amounts are \$337,500 and \$33,479, respectively. Because the total amount of \$370,979 represents unearned revenue, these amounts are presented at both the fund level and government-wide level.

f. New Accounting Principles

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. These new schedules can be found in the Statistical Section of this report (starting at page 141).

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, 2006, 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 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 requirements of this Statement are incorporated in this report.

The GASB issued Statement No. 47, *Accounting for Termination Benefits ("GASB 47")*. This 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 2007. 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

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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.

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.

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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.

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. The council made several budgetary appropriations throughout the year. Significant budgetary appropriations made in the general fund include: \$1,015,157 in public safety for increases in personnel costs, utilities and motor fuel; and, \$480,400 in development services for street lights.

d. Deficit Fund Equity

As of September 30, 2006 the City had three funds with deficit fund equities. The Community Development Block Grant fund, a special revenue fund, had a deficit balance of \$92,454. This deficit will be eliminated through revenues recognized in the future years. The Police Station fund, a capital project fund, had a deficit balance of \$59,940. This deficit will be eliminated through the allocation of unappropriated monies in other funds. The Risk Management fund, an internal services fund, had a deficit balance of \$28,462. This deficit will be eliminated through increased indirect cost allocation from other funds.

3. DETAILED NOTES ON ALL FUNDS

a. Assets

1) Deposits, Investments and Investment Policies

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

The City Council has adopted Investment Policies ("Policies") which are in accordance with the laws of the State of Texas, where applicable. The Policies identify authorized investments and investment terms, collateral requirements,

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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, 2006.

The City's investments are stated at fair value, using the following methods and assumptions as of September 30, 2006:

- 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 \$14,946,728 in TexPool as of September 30, 2006. 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

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

The City's carrying amount of cash, cash equivalents and investments as of September 30, 2006 as reflected in the primary government's financial statements, are:

	Unrestricted	Restricted	Total
Cash	\$ 1,361,606	\$ 226,000	\$ 1,587,606
Pooled investments:			
Cash equivalents	7,719,919	11,487,841	19,207,760
Investments	66,077,936	56,763,001	122,840,937
Total pooled investments	73,797,855	68,250,842	142,048,697
Total	<u>\$ 75,159,461</u>	<u>\$ 68,476,842</u>	<u>\$ 143,636,303</u>

At year-end, the bank balance of the City's unrestricted cash was \$587,412. Of the bank balance, \$213,330 was covered by federal depository insurance and \$374,082 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 \$19,207,760 were also covered by collateral held by the City's agent in the City's name.

As of September 30, 2006, the City had the following investments:

	Fair Value	Weighted Average Maturity (Days)	Credit Risk
Federal Farm Credit Bank	\$ 24,814,687	341	AAA
Federal Home Loan Bank	6,001,875	709	AAA
Freddie Mac	5,004,500	521	AAA
U. S. Treasury Notes	87,019,875	400	AAA
TexPool	14,946,728	1	AAAm
Money market funds	4,261,032	1	AAAm
Total	<u>\$ 142,048,697</u>	<u>352</u>	

Portfolio weighted average maturity

Maturities of the City's investments at September 30, 2006 were as follows:

Cash equivalents	\$ 19,207,760
Under 30 days	3,000,000
30 days to 60 days	3,988,600
61 days to 90 days	5,974,685
91 days to 1 year	43,638,365
After 1 year	66,239,287
Total	<u>\$ 142,048,697</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2006

The City did not invest in any securities different from the categories mentioned above during the 2005-2006 fiscal year.

At September 30, 2006, the carrying amount of the Sports Corporation's deposits included in cash and cash equivalents was \$73,920 while the bank balance of the Sports Corporation's deposits was \$74,070. 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, 2006 was \$6,512,424 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, 2005, including restricted cash, totaled \$453,123 all of which was covered by FDIC insurance and collateral held by the depository institution in HFC's name. Restricted cash of \$34,665 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, 2006 are summarized below for governmental activities:

	Balance October 1, 2005	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2006
Non-depreciable capital assets:				
Land	\$ 19,868,466	\$ 60,535	\$ -	\$ 19,929,001
Construction in progress	93,900,453	25,718,977	(5,112,790)	114,506,640
Total non-depreciable capital assets	<u>113,768,919</u>	<u>25,779,512</u>	<u>(5,112,790)</u>	<u>134,435,641</u>
Depreciable capital assets:				
Buildings	61,942,765	78,917	-	62,021,682
Equipment (See note below)	52,986,840	1,357,368	(1,008,777)	53,335,431
Infrastructure	283,240,059	26,651,615	-	309,891,674
Total depreciable capital assets	<u>398,169,664</u>	<u>28,087,900</u>	<u>(1,008,777)</u>	<u>425,248,787</u>
Less accumulated depreciation for:				
Buildings	(19,640,809)	(2,138,212)	-	(21,779,021)
Equipment	(25,925,157)	(2,516,291)	745,876	(27,695,572)
Infrastructure	(90,826,549)	(12,713,397)	-	(103,539,946)
Total accumulated depreciation	<u>(136,392,515)</u>	<u>(17,367,900)</u>	<u>745,876</u>	<u>(153,014,539)</u>
Total depreciable capital assets, net	<u>261,777,149</u>	<u>10,720,000</u>	<u>(262,901)</u>	<u>272,234,248</u>
Governmental activities capital assets, net	<u>\$ 375,546,068</u>	<u>\$ 36,499,512</u>	<u>\$ (5,375,691)</u>	<u>\$ 406,669,889</u>

(The October 1, 2005 equipment balance was overstated by \$835,911).

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

Capital asset balances for business-type activities for the year ended September 30, 2006 are summarized below:

	Balance October 1, 2005	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2006
Non-depreciable capital assets				
Land	\$ 3,251,674	\$ -	\$ -	\$ 3,251,674
Construction in progress	15,423,506	20,355,312	(3,852,910)	31,925,908
Total non-depreciable capital assets	18,675,180	20,355,312	(3,852,910)	35,177,582
Depreciable capital assets				
Buildings	7,301,177	-	-	7,301,177
Equipment	18,104,670	1,438,257	(39,300)	19,503,627
Infrastructure	211,879,906	6,089,918	-	217,969,824
Total depreciable capital assets	237,285,753	7,528,175	(39,300)	244,774,628
Less accumulated depreciation for:				
Buildings	(3,457,032)	(262,195)	-	(3,719,227)
Equipment	(7,049,877)	(1,238,950)	2,212	(8,286,615)
Infrastructure	(75,010,043)	(7,715,632)	-	(82,725,675)
Total accumulated depreciation	(85,516,952)	(9,216,777)	2,212	(94,731,517)
Total depreciable capital assets, net	151,768,801	(1,688,602)	(37,088)	150,043,111
Business-type activities' capital assets, net	\$ 170,443,981	\$ 18,666,710	\$ (3,889,998)	\$ 185,220,693

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

Support Services	\$ 1,947,642	Water and Wastewater	\$ 7,408,130
Public Safety Services	7,346,681	Municipal Golf	447,424
Recreation and Leisure Services	1,975,832	Solid Waste	763,271
Development Services	6,097,745	Other Business-type	597,952
Total governmental	\$ 17,367,900	Total business-type	\$ 9,216,777

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

	Balance October 1, 2005	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2006
Equipment	\$ 310,078	\$ -	\$ -	\$ 310,078
Less accumulated depreciation	(283,866)	(26,212)	-	(310,078)
Total	\$ 26,212	\$ (26,212)	\$ -	\$ -

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

CITY OF GRAND PRAIRIE, TEXAS

**NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006**

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

	Balance January 1, 2005	Additions/ Completions	Disposals/ Reclasses	Balance December 31, 2005
Non-depreciable capital assets:				
Land	\$ 1,612,851	\$ -	\$ -	\$ 1,612,851
Construction in progress	9,840,642	2,207,387	-	12,048,029
Total non-depreciable capital assets	11,453,493	2,207,387	-	13,660,880
Depreciable capital assets:				
Buildings	8,677,467	514,124	-	9,191,591
Less accumulated depreciation	(3,125,556)	(979,251)	-	(4,104,807)
Total depreciable capital assets, net	5,551,911	(465,127)	-	5,086,784
Housing Finance Corporation capital asset, net	\$ 17,005,404	\$ 1,742,260	\$ -	\$ 18,747,664

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 811 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 (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

SEPTEMBER 30, 2006

Plan provisions for the City were as follows (as of 4/19/06*):

Deposit rate	7%
Matching ratio (city/employee)	2 to 1
A member is vested after	5 years

Members can retire at certain ages, based on their 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 (overfunded) 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, 2005 valuation is effective for rates beginning January 2007).

Actuarial Valuation Date	December 31, 2005	December 31, 2004	December 31, 2003
Actuarial Value of Assets	\$ 157,030,678	\$ 152,470,087	\$ 142,198,405
Actuarial Accrued Liability	194,053,949	187,718,712	177,576,317
Percentage Funded	80.9%	81.2%	80.1%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	\$ 37,023,271	\$ 35,248,625	\$ 35,377,912
Annual Covered Payroll	53,849,572	52,997,624	49,764,580
UAAL as a Percentage of Covered Payroll	68.8%	66.5%	71.1%
Net Pension Obligation (NPO) at the Beginning of Period	\$ -	\$ -	\$ -
Annual Pension Cost:			
Annual Required Contribution (ARC)	\$ 7,715,790	\$ 7,222,849	\$ 6,590,869
Contribution Made	7,715,790	7,222,849	6,590,869
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 4/19/06 to the actuary in calculating the 12/31/05 valuation.)

CITY OF GRAND PRAIRIE

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

Actuarial Assumptions - The City also uses the following assumptions:

<u>Actuarial Valuation Date</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>	<u>December 31, 2003</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%	3.5%	None
Cost-of-Living Adjustments	None	None	None

The City of Grand Prairie is one of 811 municipalities having their benefit plan administered by TMRS. Each of the 811 municipalities have an annual actuarial valuation performed. All assumptions for the 12/31/05 valuations are contained in the 2005 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

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, 2005</u>	<u>Borrowings or Increase</u>	<u>Payments or Decrease</u>	<u>Balance September 30, 2006</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
General obligation bonds	\$ 73,016,970	\$ 3,300,000	\$ (4,880,856)	\$ 71,436,114	\$ 5,151,494
Certificates of obligation bonds	65,728,928	9,866,250	(3,344,072)	72,251,106	3,591,165
Sale tax revenue bonds	31,285,000	-	(855,000)	30,430,000	890,000
Issuance premiums/discounts, net	127,567	108,535	(40,717)	195,385	-
Deferred loss on refunding	(765,881)	-	182,978	(582,903)	-
Compensated absences	9,997,946	3,273,411	(2,838,346)	10,433,011	2,838,346
Total governmental activities	<u>179,390,530</u>	<u>16,548,196</u>	<u>(11,776,013)</u>	<u>184,162,713</u>	<u>12,471,005</u>
<u>Business-Type Activities</u>					
General obligation bonds	4,998,030	-	(239,144)	4,758,886	253,506
Certificates of obligation bonds	6,021,072	153,750	(215,928)	5,958,894	223,675
Water and wastewater revenue bonds	46,000,000	4,840,000	(2,540,000)	48,300,000	2,610,000
Issuance premiums/discounts, net	68,284	34,129	(24,888)	77,525	-
Deferred loss on refunding	(2,469)	-	1,235	(1,234)	-
Closure and post closure liability	2,445,115	235,730	-	2,680,845	-
Compensated absences	320,613	166,572	(217,568)	269,617	217,568
Total business-type activities	<u>59,850,645</u>	<u>5,430,181</u>	<u>(3,236,293)</u>	<u>62,044,533</u>	<u>3,304,749</u>
Total primary government	<u>\$ 239,241,175</u>	<u>\$ 21,978,377</u>	<u>\$ (15,012,306)</u>	<u>\$ 246,207,246</u>	<u>\$ 15,775,754</u>
<u>Component Unit Activities</u>					
Sports Corporation:					
Taxable sales tax bonds	\$ 10,940,000	\$ -	\$ (3,725,000)	\$ 7,215,000	\$ 3,500,000
Tax exempt sales tax notes	5,055,000	-	(5,055,000)	-	-
Deferred loss on refunding/discount	(3,768,013)	-	3,719,890	(48,123)	-
Housing Finance Corporation:					
Notes payable	3,159,834	-	(24,886)	3,134,948	53,493
Revenue bonds	13,890,000	-	-	13,890,000	-
Total component units	<u>\$ 29,276,821</u>	<u>\$ -</u>	<u>\$ (5,084,996)</u>	<u>\$ 24,191,825</u>	<u>\$ 3,553,493</u>

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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, 2006, 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 2006 for Tax Increment Financing Zones No. 2 projects.

(i) General Obligation Debt

In March 2006 the City issued \$3,300,000 in General Obligation Bonds Series 2006. The proceeds of the bonds were used to provide \$3,300,000 of capital funds, and to pay the cost of issuance.

In March 2006 the City issued \$8,291,250 in Certificates of Obligation Bonds Series 2006. The proceeds of the bonds were used to provide capital funds for governmental activities improvements and to pay the cost of issuance.

In March 2006 the City issued \$1,575,000 in Certificates of Obligation Bonds Series 2006. The proceeds were used for Tax Increment Financing Zone No. 2 projects.

At September 30, 2006, general obligation bonds authorized and unissued amounted to \$43,198,000. When issued, the proceeds will be allocated to various specified improvements.

(ii) Sales Tax Debt

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

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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	\$ 120,000
Series 1998A	4.0-5.0	1998	2019	16,179,364	8,678,944
Series 1999	5.5	1998	2011	12,096,630	1,927,170
Series 2000	5.25-7.25	2000	2020	4,435,000	955,000
Series 2001	4.5-5.5	2001	2021	5,000,000	4,145,000
Series 2002	4.5-5.0	2002	2022	6,550,000	5,695,000
Series 2002A	3.9-4.875	2002	2022	9,900,000	8,530,000
Series 2003	2.0-4.60	2003	2023	11,025,000	9,250,000
Series 2003A	2.0-4.30	2003	2014	5,875,000	2,810,000
Series 2004	2.0-4.50	2004	2024	4,855,000	4,500,000
Series 2004A	2.0-4.75	2004	2024	6,170,000	5,560,000
Series 2005 Refunding	2.75-4.50	2005	2025	14,260,000	13,830,000
Series 2005A	3.75-4.25	2005	2025	2,215,000	2,135,000
Series 2006	3.9-5.0	2006	2026	3,300,000	3,300,000
Total general obligation bonds					<u>71,436,114</u>
Certificates of obligation bonds:					
Tax and revenue bonds:					
Series 1996	5.25-5.40	1996	2016	1,200,000	-
Series 1997A	4.60-5.75	1997	2018	1,515,000	45,000
Series 1998A	3.60-5.00	1998	2019	7,270,000	4,755,000
Series 2000	4.9-6.9	2000	2020	2,760,000	305,000
Series 2000A	5.0-5.5	2000	2020	3,800,000	3,100,000
Series 2001	4.5-5.5	2001	2021	5,900,000	4,480,000
Series 2002C	3.85-4.75	2002	2022	2,650,000	1,630,000
Series 2003	2.0-2.25	2003	2006	5,000,000	-
Series 2003A	2.0-5.0	2003	2028	4,960,000	4,555,000
Series 2004	2.5-4.45	2004	2024	2,894,000	2,320,860
Series 2004B	2.0-4.75	2004	2024	8,280,000	7,470,000
Series 2005	2.75-4.50	2005	2025	2,935,000	2,655,000
Series 2006	4.0-5.50	2006	2026	8,291,250	8,291,250
Total tax and revenue bonds					<u>39,607,110</u>
Tax and tax increment bonds					
Series 2001	LIBOR + .55% *	2000	2022	17,900,000	16,380,000
Series 2002B	4.5-5.0	2001	2020	2,800,000	2,370,000
Series 2003B	2.0-5.0	2003	2020	1,030,000	895,000
Series 2003C	2.0-5.0	2003	2020	4,340,000	3,755,000
Series 2004B	2.0-4.75	2004	2024	1,170,000	1,055,000
Series 2005A	2.75-4.50	2005	2020	710,000	675,000
Series 2006	4.0-5.50	2006	2020	1,575,000	1,575,000
Total tax and tax increment bonds					<u>26,705,000</u>
Parks & recreation bonds					
Series 2004	2.5-4.45	2004	2024	484,000	448,996
Series 2004B	2.0-4.75	2004	2024	5,915,000	5,490,000
Total parks & recreation					<u>5,938,996</u>
Total certificate of obligation bonds					<u>72,251,106</u>
Sales tax revenue bonds:					
Series 2000	5.4-7.4	2000	2025	3,670,000	655,000
Series 2000A	5.0-5.5	2000	2026	5,200,000	1,210,000
Series 2001	4.125-5.125	2001	2027	11,055,000	9,730,000
Series 2001A	4.125-5.0	2001	2027	8,500,000	7,650,000
Series 2002	4.0-5.0	2002	2027	5,000,000	4,535,000
Series 2005	3.5-4.25	2005	2026	6,705,000	6,650,000
Total sales tax revenue bonds					<u>30,430,000</u>
Compensated absences	N/A	N/A	N/A	N/A	10,433,011
Total governmental long-term debt					<u>\$ 184,550,231</u>

*Debt service rate was 5.715% at September 30, 2006.

(Does not include unamortized premiums, discounts, or deferred loss on refunding)

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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

	Balance October 1, 2005	Borrowings or Increase	Payments or Decrease	Balance September 30, 2006	Due Within One Year
General obligation bonds:					
Series 1997-A	\$ 235,000	\$ -	\$ (115,000)	\$ 120,000	\$ 120,000
Series 1998-A	9,523,490	-	(844,546)	8,678,944	897,544
Series 1999	2,328,480	-	(401,310)	1,927,170	418,950
Series 2000	1,115,000	-	(160,000)	955,000	170,000
Series 2001	4,330,000	-	(185,000)	4,145,000	195,000
Series 2002	5,925,000	-	(230,000)	5,695,000	240,000
Series 2002-A	8,890,000	-	(360,000)	8,530,000	375,000
Series 2003	9,845,000	-	(595,000)	9,250,000	620,000
Series 2003-A	3,800,000	-	(990,000)	2,810,000	965,000
Series 2004	4,680,000	-	(180,000)	4,500,000	185,000
Series 2004A	5,870,000	-	(310,000)	5,560,000	310,000
Series 2005 Refunding	14,260,000	-	(430,000)	13,830,000	475,000
Series 2005A	2,215,000	-	(80,000)	2,135,000	80,000
Series 2006	-	3,300,000	-	3,300,000	100,000
Total general obligation bonds	<u>73,016,970</u>	<u>3,300,000</u>	<u>(4,880,856)</u>	<u>71,436,114</u>	<u>5,151,494</u>
Certificates of obligation bonds:					
Tax and revenue bonds:					
Series 1996	35,000	-	(35,000)	-	-
Series 1997-A	85,000	-	(40,000)	45,000	45,000
Series 1998-A	5,055,000	-	(300,000)	4,755,000	275,000
Series 2000	355,000	-	(50,000)	305,000	55,000
Series 2000-A	3,235,000	-	(135,000)	3,100,000	145,000
Series 2001	4,680,000	-	(200,000)	4,480,000	210,000
Series 2002-C	1,700,000	-	(70,000)	1,630,000	75,000
Series 2003	170,000	-	(170,000)	-	-
Series 2003-A	4,695,000	-	(140,000)	4,555,000	140,000
Series 2004	2,607,430	-	(286,570)	2,320,860	189,990
Series 2004B	7,880,000	-	(410,000)	7,470,000	410,000
Series 2005	2,935,000	-	(280,000)	2,655,000	280,000
Series 2006	-	8,291,250	-	8,291,250	398,000
	<u>33,432,430</u>	<u>8,291,250</u>	<u>(2,116,570)</u>	<u>39,607,110</u>	<u>2,222,990</u>
Tax and tax increment bonds:					
Series 2001	16,920,000	-	(540,000)	16,380,000	580,000
Series 2002-B	2,485,000	-	(115,000)	2,370,000	120,000
Series 2003B	940,000	-	(45,000)	895,000	50,000
Series 2003-C	3,955,000	-	(200,000)	3,755,000	205,000
Series 2004B	1,115,000	-	(60,000)	1,055,000	60,000
Series 2005A	710,000	-	(35,000)	675,000	40,000
Series 2006	-	1,575,000	-	1,575,000	75,000
	<u>26,125,000</u>	<u>1,575,000</u>	<u>(995,000)</u>	<u>26,705,000</u>	<u>1,130,000</u>
Parks & recreation bonds:					
Series 2004	466,498	-	(17,502)	448,996	18,175
Series 2004B	5,705,000	-	(215,000)	5,490,000	220,000
	<u>6,171,498</u>	<u>-</u>	<u>(232,502)</u>	<u>5,938,996</u>	<u>238,175</u>
Total certificate of obligation bonds	<u>65,728,928</u>	<u>9,866,250</u>	<u>(3,344,072)</u>	<u>72,251,106</u>	<u>3,591,165</u>
Sales tax revenue bonds:					
Series 2000	745,000	-	(90,000)	655,000	95,000
Series 2000-A	1,320,000	-	(110,000)	1,210,000	120,000
Series 2001	10,015,000	-	(285,000)	9,730,000	300,000
Series 2001-A	7,840,000	-	(190,000)	7,650,000	200,000
Series 2002	4,660,000	-	(125,000)	4,535,000	130,000
Series 2005	6,705,000	-	(55,000)	6,650,000	45,000
Total sales tax revenue bonds	<u>31,285,000</u>	<u>-</u>	<u>(855,000)</u>	<u>30,430,000</u>	<u>890,000</u>
Compensated absences:	9,997,946	3,273,411	(2,838,346)	10,433,011	2,838,346
Total	<u>\$ 180,028,844</u>	<u>\$ 16,439,661</u>	<u>\$ (11,918,274)</u>	<u>\$ 184,550,231</u>	<u>\$ 12,471,005</u>

* Debt service rate was 5.715% at September 30, 2006.

(Does not include unamortized premiums, discounts, or deferred loss on refunding)



THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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
2007	\$ 5,151,494	\$ 2,940,218	\$ 8,091,712	\$ 2,122,900	\$ 1,544,623	\$ 3,667,523	\$ 1,130,000	\$ 2,848,066	\$ 3,978,066
2008	4,892,990	2,748,691	7,641,681	1,956,479	1,469,935	3,426,414	1,180,000	2,739,254	3,919,254
2009	4,470,160	2,565,473	7,035,633	1,936,559	1,394,982	3,331,541	1,255,000	2,622,229	3,877,229
2010	4,642,210	2,381,736	7,023,946	1,836,559	1,319,354	3,155,913	1,325,000	2,495,435	3,820,435
2011	4,469,260	2,191,088	6,660,348	1,924,889	1,241,007	3,165,896	1,400,000	2,359,335	3,759,335
2012	4,360,000	2,008,530	6,368,530	1,933,218	1,159,121	3,092,339	1,490,000	2,213,916	3,703,916
2013	4,435,000	1,828,643	6,263,643	2,024,878	1,072,037	3,096,915	1,570,000	2,057,555	3,627,555
2014	4,225,000	1,647,602	5,872,602	2,118,207	976,950	3,095,157	1,670,000	1,889,574	3,559,574
2015	4,325,000	1,467,331	5,792,331	1,986,537	883,779	2,870,316	1,770,000	1,710,356	3,480,356
2016	4,300,000	1,283,286	5,583,286	2,078,196	791,762	2,869,958	1,875,000	1,519,070	3,394,070
2017	4,450,000	1,093,361	5,543,361	2,181,526	693,437	2,874,963	1,990,000	1,314,485	3,304,485
2018	4,205,000	899,844	5,104,844	2,293,185	588,893	2,882,078	2,110,000	1,095,544	3,205,544
2019	4,080,000	709,314	4,789,314	2,416,515	477,447	2,893,962	2,250,000	860,944	3,110,944
2020	3,450,000	535,948	3,985,948	2,033,174	371,983	2,405,157	2,385,000	609,875	2,994,875
2021	3,150,000	383,702	3,533,702	1,804,833	282,570	2,087,403	1,670,000	362,706	2,032,706
2022	2,910,000	243,132	3,153,132	1,411,492	209,478	1,620,970	1,635,000	122,625	1,757,625
2023	1,745,000	136,473	1,881,473	1,333,152	147,721	1,480,873	-	-	-
2024	1,270,000	68,653	1,338,653	1,314,811	87,844	1,402,655	-	-	-
2025	650,000	25,780	675,780	720,000	41,850	761,850	-	-	-
2026	255,000	5,738	260,738	570,000	12,825	582,825	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
Total	<u>\$ 71,436,114</u>	<u>\$ 25,164,543</u>	<u>\$ 96,600,657</u>	<u>\$ 35,997,110</u>	<u>\$ 14,767,598</u>	<u>\$ 50,764,708</u>	<u>\$ 26,705,000</u>	<u>\$ 26,820,969</u>	<u>\$ 53,525,969</u>

(continued)

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

Certificates of Obligation Bonds	\$ 35,997,110
Parks/Cemetery Certificates of Obligation Bonds	9,548,996
	<u>\$ 45,546,106</u>

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

Certificates of Obligation Bonds	\$ 39,607,110
Parks and Recreation Certificates of Obligation Bonds	5,938,996
	<u>\$ 45,546,106</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

Parks/Cemetery Certificates of Obligation			Park Venue Sales Tax Revenue Bonds			Total		
Principal	Interest	Total	Principal (1)	Interest	Total	Principal	Interest	Total
\$ 338,175	\$ 404,273	\$ 742,448	\$ 890,000	\$ 1,411,806	\$ 2,301,806	\$ 9,632,569	\$ 9,148,986	\$ 18,781,555
348,848	395,400	744,248	935,000	1,367,547	2,302,547	9,313,317	8,720,827	18,034,144
359,522	385,062	744,584	985,000	1,321,434	2,306,434	9,006,241	8,289,180	17,295,421
364,522	373,083	737,605	1,035,000	1,273,710	2,308,710	9,203,291	7,843,318	17,046,609
380,195	359,881	740,076	1,090,000	1,223,509	2,313,509	9,264,344	7,374,820	16,639,164
395,868	345,392	741,260	1,140,000	1,171,039	2,311,039	9,319,086	6,897,998	16,217,084
412,214	329,454	741,668	1,200,000	1,117,168	2,317,168	9,642,092	6,404,857	16,046,949
427,887	312,365	740,252	1,255,000	1,061,418	2,316,418	9,696,094	5,887,909	15,584,003
448,561	294,291	742,852	1,325,000	1,003,519	2,328,519	9,855,098	5,359,276	15,214,374
469,907	274,385	744,292	1,380,000	943,306	2,323,306	10,103,103	4,811,809	14,914,912
490,580	252,679	743,259	1,455,000	879,119	2,334,119	10,567,106	4,233,081	14,800,187
516,926	229,791	746,717	1,525,000	810,549	2,335,549	10,650,111	3,624,621	14,274,732
537,599	205,795	743,394	1,600,000	738,071	2,338,071	10,884,114	2,991,571	13,875,685
563,946	180,493	744,439	1,675,000	661,839	2,336,839	10,107,120	2,360,138	12,467,258
590,292	153,726	744,018	1,765,000	581,172	2,346,172	8,980,125	1,763,876	10,744,001
616,638	125,697	742,335	1,860,000	495,381	2,355,381	8,433,130	1,196,313	9,629,443
642,985	96,160	739,145	1,955,000	404,400	2,359,400	5,676,137	784,754	6,460,891
679,331	64,601	743,932	2,060,000	307,856	2,367,856	5,324,142	528,954	5,853,096
225,000	42,625	267,625	2,165,000	205,800	2,370,800	3,760,000	316,055	4,076,055
235,000	31,125	266,125	2,200,000	100,122	2,300,122	3,260,000	149,810	3,409,810
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>\$ 9,548,996</u>	<u>\$ 4,881,903</u>	<u>\$ 14,430,899</u>	<u>\$ 30,430,000</u>	<u>\$ 17,102,140</u>	<u>\$ 47,532,140</u>	<u>\$ 174,117,220</u>	<u>\$ 88,737,153</u>	<u>\$ 262,854,373</u>

(concluded)

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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

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	\$ 56,056
Total general obligation bonds					<u>56,056</u>
Revenue bonds:					
Water and wastewater system					
Series 1998	4.3-5.0	1998	2019	3,575,000	2,765,000
Series 2002	4.5-5.0	2002	2022	4,100,000	3,565,000
Series 2002A	4.0-4.5	2002	2022	2,650,000	2,250,000
Series 2003	2.0-4.6	2003	2023	12,610,000	7,980,000
Series 2004	2.5-4.45	2004	2024	7,110,000	6,345,000
Series 2004A	2.0-4.75	2004	2024	5,615,000	5,195,000
Series 2005	2.75-4.50	2005	2025	5,725,000	5,530,000
Series 2005A	3.5-4.25	2005	2025	10,230,000	9,830,000
Series 2006	4.0-5.5	2006	2026	4,840,000	4,840,000
Total revenue bonds					<u>48,300,000</u>
Compensated absences	N/A	N/A	N/A	N/A	<u>155,033</u>
Total water and wastewater long-term debt					<u>48,511,089</u>
Solid waste					
General obligation bonds:					
Series 1999	5.5	1998	2011	1,618,370	257,830
Total general obligation bonds					<u>257,830</u>
Closure and post closure liability	N/A	N/A	N/A	N/A	2,680,845
Compensated absences	N/A	N/A	N/A	N/A	<u>55,677</u>
Total solid waste long-term debt					<u>2,994,352</u>
Municipal airport					
General obligation bonds:					
Series 1998B	3.25-4.9	1998	2012	1,238,648	325,000
Certificates of obligation bonds:					
Series 2004A	2.25-5.0	2004	2024	2,120,000	2,080,000
Compensated absences	N/A	N/A	N/A	N/A	<u>16,099</u>
Total municipal airport long-term debt					<u>2,421,099</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	3,285,000
Total general obligation bonds					<u>4,120,000</u>
Certificate of obligation bonds:					
Series 1998B	3.6-5.0	1998	2019	2,600,000	1,935,000
Series 2004	2.50-4.45	2004	2024	717,000	665,144
Series 2004B	2.0-4.75	2004	2024	1,215,000	1,125,000
Series 2006	4.0-5.50	2006	2026	153,750	153,750
Total certificate of obligation bonds					<u>3,878,894</u>
Compensated absences	N/A	N/A	N/A	N/A	<u>39,920</u>
Total municipal golf long-term debt					<u>8,038,814</u>
Storm Water					
Compensated absences	N/A	N/A	N/A	N/A	<u>2,888</u>
Total business-type activities' long-term debt					<u>\$ 61,968,242</u>

(Does not include unamortized premiums, discounts, or deferred loss on refunding)

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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

	Balance October 1, 2005	Borrowings or Increases	Payments or Decreases	Balance September 30, 2006	Due Within One Year
Water and wastewater					
General obligation bonds:					
Series 1998-A	\$ 81,510	\$ -	\$ (25,454)	\$ 56,056	\$ 27,456
Total general obligation bonds	81,510	-	(25,454)	56,056	27,456
Revenue bonds:					
Water and wastewater system:					
Series 1998	2,915,000	-	(150,000)	2,765,000	160,000
Series 2002	3,710,000	-	(145,000)	3,565,000	150,000
Series 2002-A	2,350,000	-	(100,000)	2,250,000	100,000
Series 2003	8,940,000	-	(960,000)	7,980,000	955,000
Series 2004	6,730,000	-	(385,000)	6,345,000	400,000
Series 2004A	5,400,000	-	(205,000)	5,195,000	210,000
Series 2005	5,725,000	-	(195,000)	5,530,000	200,000
Series 2005A	10,230,000	-	(400,000)	9,830,000	365,000
Series 2006	-	4,840,000	-	4,840,000	70,000
Total revenue bonds	46,000,000	4,840,000	(2,540,000)	48,300,000	2,610,000
Compensated absences	195,292	100,602	(140,861)	155,033	140,861
Total water and wastewater long-term debt	46,276,802	4,940,602	(2,706,315)	48,511,089	2,778,317
Solid waste					
General obligation bonds:					
Series 1999	311,520	-	(53,690)	257,830	56,050
Total general obligation bonds	311,520	-	(53,690)	257,830	56,050
Closure and post closure liability	2,445,115	235,730	-	2,680,845	-
Compensated absences	58,925	35,348	(38,596)	55,677	38,596
Total solid waste long-term debt	2,815,560	271,078	(92,286)	2,994,352	94,646
Municipal airport					
General obligation bonds:					
Series 1998-B	370,000	-	(45,000)	325,000	50,000
Certificates of Obligation					
Series 2004A	2,120,000	-	(40,000)	2,080,000	40,000
Compensated absences	19,161	9,078	(12,140)	16,099	12,140
Total municipal airport long-term debt	2,509,161	9,078	(97,140)	2,421,099	102,140
Municipal golf					
General obligation bonds:					
Series 2002	835,000	-	-	835,000	-
Series 2004A	3,400,000	-	(115,000)	3,285,000	120,000
Total general obligation bonds	4,235,000	-	(115,000)	4,120,000	120,000
Certificate of obligation bonds:					
Series 1998-A	2,040,000	-	(105,000)	1,935,000	110,000
Series 2004	691,072	-	(25,928)	665,144	26,925
Series 2004B	1,170,000	-	(45,000)	1,125,000	45,000
Series 2006	-	153,750	-	153,750	1,750
Total certificate of obligation bonds	3,901,072	153,750	(175,928)	3,878,894	183,675
Compensated absences	47,235	18,459	(25,774)	39,920	25,774
Total municipal golf long-term debt	8,183,307	172,209	(316,702)	8,038,814	329,449
Storm water					
Compensated absences	-	3,085	(197)	2,888	197
Total business-type activities' long-term debt	\$ 59,784,830	\$ 5,396,052	\$ (3,212,640)	\$ 61,968,242	\$ 3,304,749

(Does not include unamortized premiums, discounts, or deferred loss on refunding)

(i) Water and Wastewater System Debt

In March 2006 the City issued \$4,840,000 in Water Wastewater System Revenue Bonds, Series 2006. The proceeds of the bonds were used to provide \$4,840,000 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, 2006, the City was in compliance with these covenants.

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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>
2007	\$ 27,456	\$ 1,849	\$ 29,305
2008	28,600	629	29,229
Total	<u>\$ 56,056</u>	<u>\$ 2,478</u>	<u>\$ 58,534</u>

Water and Wastewater System Revenue Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 2,610,000	\$ 1,989,615	\$ 4,599,615
2008	2,810,000	1,828,968	4,638,968
2009	2,875,000	1,729,037	4,604,037
2010	2,975,000	1,622,271	4,597,271
2011	2,775,000	1,514,049	4,289,049
2012	2,650,000	1,408,250	4,058,250
2013	2,750,000	1,301,529	4,051,529
2014	2,535,000	1,196,614	3,731,614
2015	2,550,000	1,093,642	3,643,642
2016	2,295,000	993,437	3,288,437
2017	2,390,000	893,545	3,283,545
2018	2,505,000	786,877	3,291,877
2019	2,615,000	674,360	3,289,360
2020	2,450,000	563,431	3,013,431
2021	2,565,000	453,461	3,018,461
2022	2,680,000	336,985	3,016,985
2023	2,265,000	226,997	2,491,997
2024	2,125,000	129,635	2,254,635
2025	1,500,000	49,764	1,549,764
2026	380,000	8,550	388,550
Total	<u>\$ 48,300,000</u>	<u>\$ 18,801,017</u>	<u>\$ 67,101,017</u>

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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, 2006, compliance with this requirement can be demonstrated as follows:

Revenue ⁽¹⁾	<u>\$ 45,853,437</u>
Operating expense (excluding depreciation)	
Water purchased	9,260,747
Sewage disposal contract	7,444,990
Other	<u>13,713,804</u>
Total expense ⁽²⁾	<u>30,419,541</u>
Available for debt service	<u>\$ 15,433,896</u>
 Average annual principal and interest requirements, all water and wastewater revenue bonds at September 30, 2006	 <u>\$ 3,355,051</u>
 Coverage of average annual requirements based on September 30, 2006 revenue available for debt service	 <u>4.60</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 2006 was \$4,286,645 for a coverage of 3.67.

(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, improvements to other 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, 2006

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>
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>\$ 4,120,000</u>	<u>\$ 2,186,055</u>	<u>\$ 6,306,055</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

Certificate of Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 183,675	\$ 167,926	\$ 351,601
2008	189,922	161,006	350,928
2009	198,919	153,486	352,405
2010	208,918	145,417	354,335
2011	219,917	136,714	356,631
2012	230,914	127,094	358,008
2013	237,908	116,589	354,497
2014	248,906	105,465	354,371
2015	259,903	93,874	353,777
2016	276,897	81,436	358,333
2017	292,894	67,979	360,873
2018	299,889	53,969	353,858
2019	315,886	39,395	355,281
2020	127,880	29,136	157,016
2021	129,875	23,515	153,390
2022	136,869	17,646	154,515
2023	143,864	11,360	155,224
2024	150,858	4,613	155,471
2025	10,000	900	10,900
2026	15,000	338	15,338
Total	<u>\$ 3,878,894</u>	<u>\$ 1,537,858</u>	<u>\$ 5,416,752</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, 2006

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 257,830</u>	<u>\$ 34,283</u>	<u>\$ 292,113</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>
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>\$ 325,000</u>	<u>\$ 56,000</u>	<u>\$ 381,000</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

Certificate of Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	72,972	197,972
2016	130,000	67,072	197,072
2017	140,000	60,660	200,660
2018	145,000	53,891	198,891
2019	150,000	46,978	196,978
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>\$ 2,080,000</u>	<u>\$ 1,120,464</u>	<u>\$ 3,200,464</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, 2006

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

	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Sales Tax Taxable Refunding Bonds:					
Series 1999A	5.1-7.13	1999	2018	\$ 36,655,601	\$ 1,340,000
Sales Tax Taxable Refunding Bonds:					
Series 2003A	1.60	2003	2010	15,920,000	5,875,000
Sales Tax Tax-Exempt Refunding Bonds:					
Series 2003B	1.23	2003	2009	10,040,000	-
Deferred loss on refunding					<u>(48,123)</u>
Total					<u><u>\$ 7,166,877</u></u>

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

	<u>Balance October 1, 2005</u>	<u>Borrowings or Increase</u>	<u>Payments or Decrease</u>	<u>Balance September 30, 2006</u>	<u>Due Within One Year</u>
Sales Tax Taxable Refunding Bonds:					
Series 1999A	\$ 2,600,000	\$ -	\$ (1,260,000)	\$ 1,340,000	\$1,340,000
Sales Tax Taxable Refunding Bonds:					
Series 2003A	8,340,000	-	(2,465,000)	5,875,000	2,160,000
Sales Tax Exempt Refunding Bonds:					
Series 2003B	5,055,000	-	(5,055,000)	-	-
Deferred loss on refunding	(3,711,683)	-	3,663,560	(48,123)	-
Discount on bonds	(56,330)	-	56,330	-	-
Total	<u><u>\$ 12,226,987</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,060,110)</u></u>	<u><u>\$ 7,166,877</u></u>	<u><u>\$3,500,000</u></u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 3,500,000	\$ 411,984	\$ 3,911,984
2008	3,500,000	204,325	3,704,325
2009	215,000	11,825	226,825
Subtotal	7,215,000	628,134	7,843,134
Less unamortized deferred loss on refunding	<u>(48,123)</u>	<u>-</u>	<u>(48,123)</u>
Total	<u><u>\$ 7,166,877</u></u>	<u><u>\$ 628,134</u></u>	<u><u>\$ 7,795,011</u></u>

As of September 30, 2006, the principal outstanding on all previously defeased sales tax bonds was \$30,200,000.

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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, 2005 follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Note payable	\$ 2,632,711	\$ -	\$ (49,886)	\$ 2,582,825	\$ 53,493
Revenue bonds	13,890,000	-	-	13,890,000	-
Developer loan	527,123	25,000	-	552,123	-
Total	<u>\$ 17,049,834</u>	<u>\$ 25,000</u>	<u>\$ (49,886)</u>	<u>\$ 17,024,948</u>	<u>\$ 53,493</u>

Future maturities of the debt are as follows:

Fiscal Year Ending December 31	Note Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
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	70,681	161,879	195,000	1,019,475
2011-2015	437,299	725,501	1,240,000	4,836,375
2016-2020	619,709	543,091	1,795,000	4,261,109
2021-2025	879,125	283,675	2,620,000	3,404,769
2026-2030	338,238	19,425	3,835,000	2,145,006
2031-2034	-	-	3,690,000	450,275
Total	<u>\$ 2,582,825</u>	<u>\$ 2,426,038</u>	<u>\$ 13,890,000</u>	<u>\$ 20,327,284</u>

Conduit Debt – Mortgage Revenue Bonds

The HFC issues Single Family and Multi-Family Mortgage Revenue Bonds. The proceeds of the bonds are placed in trust to be used for the origination of qualifying single- or multi-family mortgages or to refund, at any time, 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

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

At December 31, 2005, 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
1995A Multi-Family Mortgage Revenue Bonds (Windsor Housing Foundation)	5,415,000	4,655,000
1995B Multi-Family Mortgage Revenue Bonds (Windsor Housing Foundation)	374,000	328,000
1997 Single-Family Mortgage Revenue Bonds	365,500	261,337
1998A Single-Family Mortgage Revenue & Refunding Bonds	17,419,000	3,046,266
1998B-1 Single-Family Mortgage Revenue Refunding Bonds	6,365,000	886,163
1998B-2 Single-Family Mortgage Revenue Bonds	1,575,000	219,279
2000A Multi-Family Mortgage Revenue Bonds (Landings of Carrier Parkway)	15,235,000	15,190,000
2001 Single-Family Mortgage Revenue Bonds	14,160,000	3,573,626
2004A Single-Family Mortgage Revenue & Refunding Bonds	7,837,500	6,969,437
2004B Single Family-Housing Mortgage Revenue Bonds	2,205,000	826,445
Total	<u>\$ 93,451,000</u>	<u>\$ 58,455,553</u>

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 \$2,680,845 in the Solid Waste Fund. The total liability represents the cumulative amount reported to date based on the use of 44.3% of the estimated capacity of the landfill.

The City will recognize the remaining estimated cost of closure and post closure care of \$3,375,970 as the remaining estimated capacity is filled. The City expects to close the landfill in year 2018. Actual cost may be higher or lower due to inflation, changes in technology or changes in regulations.

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

c. Fund Equity and Net Assets

1) Reserved Fund Balance

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

2) Designated Fund Balance

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

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

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

4) Net Assets: Restricted for Debt Service

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

5) Net Assets: Unrestricted

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

d. Interfund Transactions

The composition of interfund balances as of September 30, 2006, is as follows

1) **Interfund Receivables/Payables:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Block Development Grants	\$ 479,930
	Police Station Capital Project Fund	53,508
	Equipment Services Fund	<u>80,455</u>
Total		<u><u>\$ 613,893</u></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, 2006

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	\$ -	\$ 6,817,128	\$ 33,528	\$ -	\$ -	\$2,285,833
Park venue	57,595	-	-	-	-	129,821
Section 8	122,281	-	-	-	50,000	-
Street improvements	-	-	-	-	-	205,786
Debt service	-	657,206	-	-	-	164,359
Nonmajor governmental funds	520,037	315,588	-	3,618,000	7,276	2,851,363
Internal service funds	138,523	-	-	-	-	-
Water/wastewater	252,351	-	-	-	-	1,095,617
Solid waste	99,409	-	-	-	-	604,529
Nonmajor enterprise funds	25,701	-	-	-	-	1,600,000
Total	\$ 1,215,897	\$ 7,789,922	\$ 33,528	\$ 3,618,000	\$ 57,276	\$8,937,308

	Transfers in				
	Internal Service Funds	Water Wastewater	Municipal Golf	Solid Waste	Total
<u>Transfers out:</u>					
General fund	\$ -	\$ 53,743	\$ 25,000	\$ 10,240	\$ 9,225,472
Park venue	-	-	-	-	187,416
Section 8	-	-	-	-	172,281
Street improvements	-	-	-	-	205,786
Debt service	-	-	732,768	-	1,554,333
Nonmajor governmental funds	17,493	534,119	193,498	-	8,057,374
Internal service funds	-	-	-	-	138,523
Water/wastewater	-	-	-	-	1,347,968
Solid waste	-	-	-	-	703,938
Nonmajor enterprise funds	-	-	-	-	1,625,701
Total	\$ 17,493	\$ 587,862	\$ 951,266	\$ 10,240	\$ 23,218,792

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 interfund services provided and used 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	\$ 2,021,376
Solid Waste Funds	188,237
Section 8 Housing Grant Fund	118,485
CDBG Funds	54,600
Storm Water Funds	22,972
Grant Fund	2,484
Total to General Fund	\$ 2,408,154

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	\$ 1,604,168
Solid Waste Fund	497,631
Storm Water Fund	98,741
Total	\$ 2,200,540

5) Payments in Lieu of Property Taxes

Two of the City’s enterprise funds, the Water and Wastewater Fund and Solid Waste Fund, make payments in lieu of property taxes to the Street Maintenance Fund, which is included in “Other Governmental Funds”, to provide funding for street repairs. The payments are calculated by applying the City’s property tax rate to the net book value of the enterprise funds’ fixed assets. Since the calculation methodology is not the same as that applied to similar activities in the private sector in several respects, the payments are recorded as transfers out rather than as an operating expense. Payments made during year were as follows:

<u>Fund</u>	<u>Amount</u>
Water and Wastewater Fund	\$ 849,036
Solid Waste Fund	68,447
Total	<u>\$ 917,483</u>

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:

<u>Year</u>	<u>Amount</u>
2007	\$ 1,419,000
2008	1,452,000
2009	1,452,000
2010	1,452,000
2011	1,452,000
Thereafter	27,505,284
	<u>34,732,284</u>
Less interest	<u>(18,418,900)</u>
Net present value	<u>\$ 16,313,384</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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, 2006 was \$3,271,024. Additional contingent rentals are recorded as revenue when received. During the year ended September 30, 2006, the Corporation incurred additional costs for improvements to the leased facilities of \$137,039 and received contribution revenue of \$137,039, for a total addition to the cost of the facility of \$274,078. This amount increased the unguaranteed residual value of the lease.

Management believes that there have been not 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>2006</u>
Nominal interest on the lease	\$ 1,419,000
Amortization of the lease	<u>(30,415)</u>
Net interest	1,388,585
Contingent rentals received (includes rent for simulcast facility prior to completion of project)	<u>274,324</u>
Total lease rental and interest	<u><u>\$ 1,662,909</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 revenue bonds, and, to construct and operate water treatment, transmission and storage facilities necessary to supply treated water to several area cities. The City has also agreed contractually to pay TRA annually an amount sufficient to pay its pro rata share of the operation and maintenance expenses of the facilities and related debt service of its bonds. The project is not treated as a joint venture by the City since the project is managed and unilaterally controlled by TRA, the City has no equity interest in the project, and the City is not obligated for the repayment of TRA bonds.

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 2005-2006. 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, 2006. The City’s total committed but unexpended expenditures for such authorized capital projects at year-end approximates \$41,730,743. Funding for these contracts will be received through various capital projects funds and enterprise funds.

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	\$ 1,449,389
Capital assets	6,451,987
Total assets	<u>7,947,821</u>
Current liabilities	439,295
Long term liabilities	2,318,959
Total liabilities	<u>2,758,254</u>
Net assets invested in capital assets, net of related debt	3,881,143
Net assets restricted for debt service	103,725
Unrestricted net assets	1,204,699
Total net assets	<u><u>\$ 5,189,567</u></u>
<u>Condensed statement of revenue, expense and changes in net assets</u>	
Sales to customers	\$ 1,023,809
Other revenue	1,209,883
Total operating revenue	<u>2,233,692</u>
Depreciation	387,934
Other operating expense	1,662,476
Total operating expense	<u>2,050,410</u>
Investment income	35,909
Interest expense	(112,783)
Total nonoperating revenue (expense)	<u>(76,874)</u>
Change in net assets	106,408
Net assets at the beginning of the year	5,079,549
Net assets at the end of the year	<u><u>\$ 5,185,957</u></u>
<u>Condensed statement of cash flows:</u>	
Net cash provided (used) by:	
Operating activities	\$ 814,882
Capital and related financing activities	(1,720,127)
Investing activities	(713,883)
Beginning cash and cash equivalent balances	1,890,386
Ending cash and cash equivalent balances	<u><u>\$ 271,258</u></u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2006

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>2006</u>
Assets	
Current assets	\$ 8,424
Lease payments receivable	16,179
Deferred charges	160
Estimated unguaranteed residual value	67,492
Total assets	<u>92,255</u>
Liabilities	
Current liabilities	3,530
Long-term debt	3,667
Total Liabilities	<u>7,197</u>
Net assets	
Restricted for debt service	299
Restricted for lease - net of related debt	76,638
Unrestricted	8,121
Total net assets	<u>\$ 85,058</u>
Operating revenues	\$ 1,663
Operating expenses	3,401
Operating loss	(1,738)
Non-operating revenues	5,558
Contributions	137
Net income	3,957
Beginning net assets	<u>81,101</u>
Ending net assets	<u>\$ 85,058</u>

CITY OF GRAND PRAIRIE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2006

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	<u>2005</u>
Current assets	\$ 443,647
Restricted assets	2,215,091
Capital assets	<u>18,747,664</u>
Total assets	<u>21,406,402</u>
Liabilities	
Current liabilities	803,012
Long-term liabilities	<u>16,971,455</u>
Total liabilities	<u>17,774,467</u>
Net assets	
Invested in capital assets	3,161,412
Restricted assets	122,497
Unrestricted assets	<u>348,026</u>
Total net assets	<u>\$ 3,631,935</u>
Operating revenues	\$ 3,221,938
Operating expenses	<u>4,347,397</u>
Operating loss	(1,125,459)
Non-operating income	<u>(833,351)</u>
Net income	(1,958,810)
Beginning net assets	<u>5,590,745</u>
Ending net assets	<u>\$ 3,631,935</u>

7. SUBSEQUENT EVENTS

On September 19, 2006 the City issued:

- ◆ \$4,000,000 in General Obligation Bonds, Series 2006A for facility and infrastructure improvements.
- ◆ \$17,460,000 in Combination Tax and Revenue Certificates of Obligation, Series 2006A for equipment, facility, infrastructure improvements and TIF projects.
- ◆ \$6,625,000 in Water and Wastewater System Revenue Bonds, Series 2006A for water and wastewater system improvements.

The bonds' closing did not take place until October 24, 2006 and therefore these bonds are not included in the debt schedules for September 30, 2006.



THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF GRAND PRAIRIE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Budget		Actual			Variance with Final Budget - Positive (Negative)
	Original	Final	GAAP	Adjustments	Budgetary	
			Basis		Basis	
REVENUE						
Property tax	\$ 34,461,664	\$ 34,461,664	\$ 34,490,075	\$ -	\$ 34,490,075	\$ 28,411
Sales tax	16,829,615	16,829,615	19,476,832	(431,247)	19,045,585	2,215,970
Other taxes	239,165	239,615	249,175	-	249,175	9,560
Franchise fees	9,958,858	9,958,858	15,658,628	(1,789,479)	13,869,149	3,910,291
Charges for goods and services	4,002,197	4,002,197	4,167,179	-	4,167,179	164,982
Licenses and permits	2,920,220	2,920,220	3,149,688	-	3,149,688	229,468
Fines and forfeitures	5,164,395	5,164,395	5,304,252	-	5,304,252	139,857
Intergovernmental revenue	513,835	513,835	514,082	-	514,082	247
General and administrative costs	2,417,215	2,417,215	2,408,154	-	2,408,154	(9,061)
Investment income	434,059	434,059	827,600	(165,529)	662,071	228,012
Other	99,797	99,797	569,217	(116,451)	452,766	352,969
Total revenue	77,041,020	77,041,470	86,814,882	(2,502,706)	84,312,176	7,270,706
EXPENDITURES						
Current operations:						
Support services	9,946,008	10,101,567	9,180,480	708,466	9,888,946	212,621
Public safety services	46,690,189	47,705,346	47,593,852	-	47,593,852	111,494
Recreation and leisure services	1,915,578	1,914,531	1,815,697	-	1,815,697	98,834
Development services and other services	11,936,124	12,416,524	12,258,488	98,555	12,357,043	59,481
Capital outlay	759,000	873,346	669,930	203,416	873,346	-
Total Expenditures	71,246,899	73,011,314	71,518,447	1,010,437	72,528,884	482,430
Excess (deficiency) of revenue over (under) expenditures	5,794,121	4,030,156	15,296,435	(3,513,143)	11,783,292	7,753,136
OTHER FINANCING SOURCES (USES)						
Transfers In	1,206,092	1,206,092	1,215,897	-	1,215,897	9,805
Transfers out	(8,905,266)	(9,268,723)	(9,225,472)	(43,251)	(9,268,723)	-
Total other financing sources (uses)	(7,699,174)	(8,062,631)	(8,009,575)	(43,251)	(8,052,826)	9,805
Net change in fund balance	(1,905,053)	(4,032,475)	7,286,860	(3,556,394)	3,730,466	7,762,941
Fund balance - beginning of	19,138,272	19,138,272	17,713,038	1,425,234	19,138,272	-
Fund balance - end of the year	\$ 17,233,219	\$ 15,105,797	\$ 24,999,898	\$ (2,131,160)	\$ 22,868,738	\$ 7,762,941

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.

Franchise fees were higher than anticipated due to the settlement of a court action, a payor changing from an annual basis to a quarterly basis for payment, and various payors having higher than anticipated gross revenues.

Sales tax revenue was higher than anticipated due to a state reallocation.

**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
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

			Actual		Budgetary Basis	Variance with Final Budget-Positive (Negative)
	Original	Final	GAAP Basis	Adjustments		
REVENUE						
Sales tax	\$ 4,228,329	\$ 4,228,329	\$ 4,906,292	\$ (107,812)	\$ 4,798,480	\$ 570,151
Charges for goods and services	2,124,060	2,124,060	1,705,476	-	1,705,476	(418,584)
Investment Income	204,656	204,656	421,026	(116,604)	304,422	99,766
Contributions	36,475	36,475	15,348	-	15,348	(21,127)
Other	-	-	4,423	(4,423)	-	-
Total revenue	<u>6,593,520</u>	<u>6,593,520</u>	<u>7,052,565</u>	<u>(228,839)</u>	<u>6,823,726</u>	<u>230,206</u>
EXPENDITURES						
Current operations:						
Recreation and leisure services	9,749,717	9,772,605	9,369,133	403,472	9,772,605	-
Capital outlay	73,710	106,676	6,561,996	(6,476,875)	85,121	21,555
Debt service:						
Principal retirement	1,032,502	1,087,502	1,087,502	-	1,087,502	-
Interest expense	1,835,426	1,835,426	1,619,312	70,227	1,689,539	145,887
Total expenditures	<u>12,691,355</u>	<u>12,802,209</u>	<u>18,637,943</u>	<u>(6,003,176)</u>	<u>12,634,767</u>	<u>167,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,097,835)</u>	<u>(6,208,689)</u>	<u>(11,585,378)</u>	<u>5,774,337</u>	<u>(5,811,041)</u>	<u>397,648</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	7,519,396	7,789,922	7,789,922	-	7,789,922	-
Transfers out	(186,725)	(187,416)	(187,416)	-	(187,416)	-
Total other financing sources (uses)	<u>7,332,671</u>	<u>7,602,506</u>	<u>7,602,506</u>	<u>-</u>	<u>7,602,506</u>	<u>-</u>
Net change in fund balance	1,234,836	1,393,817	(3,982,872)	5,774,337	1,791,465	397,648
Fund balance - beginning of the year	12,486,208	12,486,208	13,849,081	(1,362,873)	12,486,208	-
Fund balance - end of the year	<u>\$ 13,721,044</u>	<u>\$ 13,880,025</u>	<u>\$ 9,866,209</u>	<u>\$ 4,411,464</u>	<u>\$ 14,277,673</u>	<u>\$ 397,648</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. GAAP basis for capital outlay included \$6,437,402 expended from a capital project fund. Capital project fund capital outlay is not included in the operating budget. Charges for goods and services are below budgeted amounts due to lower than anticipated attendance. Sales tax revenue is higher than anticipated due to state reallocation.

**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
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

			Actual		Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final	GAAP Basis	Adjustments		
REVENUE						
Intergovernmental revenue	\$ 19,310,215	\$ 21,978,965	\$ 21,978,965	\$ -	\$ 21,978,965	\$ -
Investment income	-	-	7,135	-	7,135	7,135
Other	76,184	76,184	176,007	-	176,007	99,823
Total revenue	19,386,399	22,055,149	22,162,107	-	22,162,107	106,958
EXPENDITURES						
Current operations:						
Development services	19,074,108	19,483,846	19,481,380	2,466	19,483,846	-
Total expenditures	19,074,108	19,483,846	19,481,380	2,466	19,483,846	-
Excess (deficiency) of revenues over (under) expenditures	312,291	2,571,303	2,680,727	(2,466)	2,678,261	106,958
OTHER FINANCING SOURCES (USES)						
Transfers in	33,528	33,528	33,528	-	33,528	-
Transfers out	(159,357)	(172,281)	(172,281)	-	(172,281)	-
Total other financing sources (uses)	(125,829)	(138,753)	(138,753)	-	(138,753)	-
Net change in fund balance	186,462	2,432,550	2,541,974	(2,466)	2,539,508	106,958
Fund balance - beginning of the year	(451,506)	(451,506)	555,287	1,006,793	(451,506)	-
Fund balance - end of the year	\$ (265,044)	\$ 1,981,044	\$ 3,097,261	\$ 1,004,327	\$ 2,088,002	\$ 106,958

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. Original budget was increased for additional amounts awarded by HUD.

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

Fiscal Year	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Accrued Liability (AAL) (2) - (1)	(5) Covered Payroll
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
2006	12/31/2005	157,030,678	194,053,949	80.92%	37,023,271	53,849,572

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 2000 through 2006. 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
62.47%	\$ 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
68.75%	7,715,790	7,715,790



THIS PAGE IS INTENTIONALLY LEFT BLANK

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

- ◆ Other Special Revenue Funds – 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. In addition, other separately funded projects are included. This fund was previously named Grants.
- ◆ 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 Revenue Fund – accounts for money as a match to grants for rehabilitation of low-to-moderate-income neighborhoods within the city. This fund was previously named Home Match Cash Fund.
- ◆ 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 Joe Pool Lake 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 15 PIDs. The PIDs maintain landscaping, fencing, and irrigation in public area within the districts.

(continued)

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Capital Projects Funds

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.

(concluded)



THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

	Special Revenue Funds							
	Other Special Revenue Funds	Community Development Block Grants	Home Revenue Fund	Hotel/Motel Tax Fund	Cemetery	Police Seizure	Cable Operations	Municipal Court
ASSETS								
Cash and cash equivalents	\$ 193,231	\$ -	\$ 2,395	\$ 256,945	\$ 647,623	\$ 218,662	\$ 3,398	\$ 39,343
Investments	1,197,445	-	305,111	498,868	-	-	201,516	223,891
Sales tax receivable	-	-	-	-	-	-	-	-
Other receivables	-	-	-	177,564	-	-	-	-
Due from other governments	690,172	434,926	-	-	-	-	-	-
Total assets	\$ 2,080,848	\$ 434,926	\$ 307,506	\$ 933,377	\$ 647,623	\$ 218,662	\$ 204,914	\$ 263,234
LIABILITIES AND FUND BALANCE								
Liabilities :								
Accounts payable	\$ -	\$ -	\$ 67	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	168,430	47,450	-	32,237	892	928	4,947	44,428
Interfund payables	-	479,930	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Total liabilities	168,430	527,380	67	32,237	892	928	4,947	44,428
Fund balance:								
Reserved for:								
Encumbrances	1,218,088	-	10,818	20,000	60	77,913	3,841	19,638
Bond debt service	-	-	-	-	90,206	-	-	-
Unreserved, designated for:								
Capital projects	-	-	-	-	-	-	-	-
Unreserved, undesignated in:								
Special revenue funds	694,330	(92,454)	296,621	881,140	556,465	139,821	196,126	199,168
Total fund balance	1,912,418	(92,454)	307,439	901,140	646,731	217,734	199,967	218,806
Total liabilities and fund balance	\$ 2,080,848	\$ 434,926	\$ 307,506	\$ 933,377	\$ 647,623	\$ 218,662	\$ 204,914	\$ 263,234

(Continued)

Special Revenue Funds

Street Maintenance	Employee Welfare	Expendable Fund	Tax Increment Financing Districts	Lake Parks	Library Memorials	Theater	Pooled Investments	Public Improvement Districts	Total Special Revenue Funds
\$ 335,609	\$ 15,711	\$ 381,103	\$ 1,187,300	\$ 584,382	\$ 69,722	\$ 207,609	\$ 90,552	\$ 368,139	\$ 4,601,724
2,689,634	-	401,419	249,273	4,970,396	-	1,963,086	1,508,660	-	14,209,299
845,736	-	-	-	-	-	-	-	-	845,736
-	-	-	-	337,500	-	-	1,018,334	19,235	1,552,633
-	-	-	-	-	-	-	-	-	1,125,098
<u>\$ 3,870,979</u>	<u>\$ 15,711</u>	<u>\$ 782,522</u>	<u>\$ 1,436,573</u>	<u>\$ 5,892,278</u>	<u>\$ 69,722</u>	<u>\$ 2,170,695</u>	<u>\$ 2,617,546</u>	<u>\$ 387,374</u>	<u>\$ 22,334,490</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,189	\$ -	\$ -	\$ -	\$ 12,499	\$ 16,755
524,384	-	14,238	21,410	48,575	82	-	181,591	45,205	1,134,797
-	-	-	-	-	-	-	-	-	479,930
-	-	-	-	337,500	-	-	-	-	337,500
<u>524,384</u>	<u>-</u>	<u>14,238</u>	<u>21,410</u>	<u>390,264</u>	<u>82</u>	<u>-</u>	<u>181,591</u>	<u>57,704</u>	<u>1,968,982</u>
1,601,452	-	156	-	2,246,679	-	-	-	-	5,198,645
-	-	-	741,337	-	-	-	-	-	831,543
-	-	-	-	-	-	-	-	-	-
<u>1,745,143</u>	<u>15,711</u>	<u>768,128</u>	<u>673,826</u>	<u>3,255,335</u>	<u>69,640</u>	<u>2,170,695</u>	<u>2,435,955</u>	<u>329,670</u>	<u>14,335,320</u>
<u>3,346,595</u>	<u>15,711</u>	<u>768,284</u>	<u>1,415,163</u>	<u>5,502,014</u>	<u>69,640</u>	<u>2,170,695</u>	<u>2,435,955</u>	<u>329,670</u>	<u>20,365,508</u>
<u>\$ 3,870,979</u>	<u>\$ 15,711</u>	<u>\$ 782,522</u>	<u>\$ 1,436,573</u>	<u>\$ 5,892,278</u>	<u>\$ 69,722</u>	<u>\$ 2,170,695</u>	<u>\$ 2,617,546</u>	<u>\$ 387,374</u>	<u>\$ 22,334,490</u>

(Continued)

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006**

Capital Projects Funds

	Fire Station	Police Station	Storm Drainage	Library Improvements	Capital Reserve	Street Projects	Equipment Acquisition
ASSETS							
Cash and cash equivalents	\$ 221,747	\$ -	\$ 89,465	\$ 28,416	\$ 218,279	\$ 131,513	\$ 82,006
Investments	4,374,395	-	2,479,952	-	1,101,579	1,666,273	992,759
Sales tax receivable	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Total assets	\$ 4,596,142	\$ -	\$ 2,569,417	\$ 28,416	\$ 1,319,858	\$ 1,797,786	\$ 1,074,765
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 908	\$ -
Accrued liabilities	209	6,432	372,553	-	26,276	234,769	-
Interfund payables	-	53,508	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Total liabilities	209	59,940	372,553	-	26,276	235,677	-
Fund Balance:							
Reserved for:							
Encumbrances	882,559	-	1,828,296	17,847	78,803	31,227	532,039
Bond debt service	-	-	-	-	-	-	-
Unreserved, designated for:							
Capital Projects	3,713,374	(59,940)	368,568	10,569	1,214,779	1,530,882	542,726
Unreserved, undesignated in:							
Special revenue funds	-	-	-	-	-	-	-
Total fund balance	4,595,933	(59,940)	2,196,864	28,416	1,293,582	1,562,109	1,074,765
Total liabilities and fund balance	\$ 4,596,142	\$ -	\$ 2,569,417	\$ 28,416	\$ 1,319,858	\$ 1,797,786	\$ 1,074,765

(Continued)

Capital Projects Funds			
Certificates of Obligation	Municipal Facilities	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ 85,115	\$ 106,809	\$ 963,350	\$ 5,565,074
-	1,985,222	12,600,180	26,809,479
-	-	-	845,736
-	-	-	1,552,633
-	-	-	1,125,098
<u>\$ 85,115</u>	<u>\$ 2,092,031</u>	<u>\$ 13,563,530</u>	<u>\$ 35,898,020</u>

\$ -	\$ -	\$ 908	\$ 17,663
-	170,559	810,798	1,945,595
-	-	53,508	533,438
-	-	-	337,500
-	170,559	865,214	2,834,196

85,115	519,795	3,975,681	9,174,326
-	-	-	831,543
-	1,401,677	8,722,635	8,722,635
-	-	-	14,335,320
<u>85,115</u>	<u>1,921,472</u>	<u>12,698,316</u>	<u>33,063,824</u>
<u>\$ 85,115</u>	<u>\$ 2,092,031</u>	<u>\$ 13,563,530</u>	<u>\$ 35,898,020</u>

(Concluded)

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Special Revenue Funds							
	Other Special Revenue Funds	Community Development Block Grants	Home Revenue Fund	Hotel/Motel Tax Fund	Cemetery	Police Seizure	Cable Operations	Municipal Court
REVENUE								
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	-	-	-	-	-	-	-	-
Other taxes	-	-	-	1,050,190	-	-	-	-
Charges for goods and service	34,279	-	-	10,166	611,881	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	233,615
Special assessments	-	-	-	-	-	-	-	-
Intergovernmental revenue	6,931,879	1,779,114	-	-	-	94,678	-	-
Investment income	12,123	-	3,546	17,721	23,042	5,576	2,546	12,528
Contributions	8,906	-	-	-	-	2,794	-	-
Other	-	-	309,138	-	-	1,881	82,479	-
Total revenue	<u>6,987,187</u>	<u>1,779,114</u>	<u>312,684</u>	<u>1,078,077</u>	<u>634,923</u>	<u>104,929</u>	<u>85,025</u>	<u>246,143</u>
EXPENDITURES								
Current operations:								
Support services	40,594	-	-	687,468	-	-	100,287	-
Public safety services	1,079,347	-	-	-	-	176,025	-	142,199
Recreation and leisure services	76,376	-	-	-	436,025	-	-	-
Development services and other	5,380,363	1,341,594	1,200	-	-	-	-	-
Capital outlay	1,489,580	322,926	-	-	63,314	66,970	-	177,129
Debt service:								
Principal retirement	-	-	-	-	100,000	-	-	-
Interest expense	-	-	-	-	168,035	-	-	-
Total expenditures	<u>8,066,260</u>	<u>1,664,520</u>	<u>1,200</u>	<u>687,468</u>	<u>767,374</u>	<u>242,995</u>	<u>100,287</u>	<u>319,328</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(1,079,073)</u>	<u>114,594</u>	<u>311,484</u>	<u>390,609</u>	<u>(132,451)</u>	<u>(138,066)</u>	<u>(15,262)</u>	<u>(73,185)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	869,809	10,000	-	-	164,358	-	-	-
Transfers out	-	(201,086)	(150,000)	(151,471)	-	-	-	(10,821)
Sales of capital assets	-	-	-	-	-	-	-	-
Bonds issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>869,809</u>	<u>(191,086)</u>	<u>(150,000)</u>	<u>(151,471)</u>	<u>164,358</u>	<u>-</u>	<u>-</u>	<u>(10,821)</u>
Net change in fund balance	<u>(209,264)</u>	<u>(76,492)</u>	<u>161,484</u>	<u>239,138</u>	<u>31,907</u>	<u>(138,066)</u>	<u>(15,262)</u>	<u>(84,006)</u>
Fund balance - beginning of year	<u>2,121,682</u>	<u>(15,962)</u>	<u>145,955</u>	<u>662,002</u>	<u>614,824</u>	<u>355,800</u>	<u>215,229</u>	<u>302,812</u>
Fund balance - end of year	<u>\$ 1,912,418</u>	<u>\$ (92,454)</u>	<u>\$ 307,439</u>	<u>\$ 901,140</u>	<u>\$ 646,731</u>	<u>\$ 217,734</u>	<u>\$ 199,967</u>	<u>\$ 218,806</u>

(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
\$ -	\$ -	\$ -	\$ 5,955,592	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,955,592
4,906,292	-	-	-	-	-	-	-	-	4,906,292
-	-	-	-	-	-	-	-	-	1,050,190
-	-	36,668	-	970,457	1,373	-	-	-	1,664,824
-	-	-	-	154,400	-	-	-	-	154,400
-	-	-	-	-	-	-	-	-	233,615
-	-	-	-	-	-	-	-	742,905	742,905
-	-	16,705	-	-	-	-	-	-	8,822,376
116,349	924	30,324	90,232	149,383	2,346	89,668	1,227,102	18,911	1,802,321
-	13,602	133,116	-	894,414	33,914	-	-	131,089	1,217,835
-	-	390,116	-	7,486	-	1,335,532	-	134	2,126,766
<u>5,022,641</u>	<u>14,526</u>	<u>606,929</u>	<u>6,045,824</u>	<u>2,176,140</u>	<u>37,633</u>	<u>1,425,200</u>	<u>1,227,102</u>	<u>893,039</u>	<u>28,677,116</u>
77,606	13,245	229,579	908,079	10,000	-	-	531,448	878,418	3,476,724
-	-	55,501	-	-	-	-	-	-	1,453,072
-	-	27,513	-	1,469,336	-	-	-	-	2,009,250
-	-	6,212	-	-	12,204	-	-	-	6,741,573
5,856,196	-	-	1,569,999	448,345	2,212	-	-	189,978	10,186,649
-	-	-	455,000	-	-	540,000	-	-	1,095,000
-	-	-	454,480	-	-	814,726	-	-	1,437,241
<u>5,933,802</u>	<u>13,245</u>	<u>318,805</u>	<u>3,387,558</u>	<u>1,927,681</u>	<u>14,416</u>	<u>1,354,726</u>	<u>531,448</u>	<u>1,068,396</u>	<u>26,399,509</u>
(911,161)	1,281	288,124	2,658,266	248,459	23,217	70,474	695,654	(175,357)	2,277,607
1,317,483	-	-	-	400,000	-	-	72,162	126,613	2,960,425
-	-	(72,053)	(4,399,148)	(471,952)	-	-	(141,309)	-	(5,597,840)
-	-	-	-	-	-	-	-	-	-
-	-	-	1,575,000	410,000	-	-	-	-	1,985,000
<u>1,317,483</u>	<u>-</u>	<u>(72,053)</u>	<u>(2,824,148)</u>	<u>338,048</u>	<u>-</u>	<u>-</u>	<u>(69,147)</u>	<u>126,613</u>	<u>(652,415)</u>
406,322	1,281	216,071	(165,882)	586,507	23,217	70,474	626,507	(48,744)	1,625,192
2,940,273	14,430	552,213	1,581,045	4,915,507	46,423	2,100,221	1,809,448	378,414	18,740,316
<u>\$ 3,346,595</u>	<u>\$ 15,711</u>	<u>\$ 768,284</u>	<u>\$ 1,415,163</u>	<u>\$ 5,502,014</u>	<u>\$ 69,640</u>	<u>\$ 2,170,695</u>	<u>\$ 2,435,955</u>	<u>\$ 329,670</u>	<u>\$ 20,365,508</u>

(Continued)

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

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 forfeitures	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	238,094	-
Intergovernmental revenue	-	-	-	-	-	-	-
Investment income	31,453	101,142	274,985	3,166	111,826	117,934	25,395
Contributions	-	-	-	-	-	1,941,017	-
Other	81,482	-	-	-	-	-	-
Total revenue	<u>112,935</u>	<u>101,142</u>	<u>274,985</u>	<u>3,166</u>	<u>111,826</u>	<u>2,297,045</u>	<u>25,395</u>
EXPENDITURES							
Current operations:							
Support services	-	-	-	-	104,660	-	10,719
Public safety services	-	-	-	-	-	-	-
Recreation and leisure services	-	-	-	-	-	-	-
Development services and other	106,881	-	4,060	-	-	1,009,164	-
Capital outlay	599,538	285,463	4,357,863	-	259,801	2,334,587	416,953
Debt service:							
Principal retirement	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Total expenditures	<u>706,419</u>	<u>285,463</u>	<u>4,361,923</u>	<u>-</u>	<u>364,461</u>	<u>3,343,751</u>	<u>427,672</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(593,484)</u>	<u>(184,321)</u>	<u>(4,086,938)</u>	<u>3,166</u>	<u>(252,635)</u>	<u>(1,046,706)</u>	<u>(402,277)</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	205,200	17,907	1,600,000	-	2,485,915	30,780	410,500
Transfers out	-	-	(30,780)	-	(1,483,701)	(25,000)	-
Sales of capital assets	-	-	-	-	71,784	-	-
Bonds issued	4,302,103	-	166,280	-	-	-	500,000
Total other financing sources (uses)	<u>4,507,303</u>	<u>17,907</u>	<u>1,735,500</u>	<u>-</u>	<u>1,073,998</u>	<u>5,780</u>	<u>910,500</u>
Net change in fund balance	3,913,819	(166,414)	(2,351,438)	3,166	821,363	(1,040,926)	508,223
Fund balance - beginning of year	682,114	106,474	4,548,302	25,250	472,219	2,603,035	566,542
Fund balance - end of year	<u>\$ 4,595,933</u>	<u>\$ (59,940)</u>	<u>\$ 2,196,864</u>	<u>\$ 28,416</u>	<u>\$ 1,293,582</u>	<u>\$ 1,562,109</u>	<u>\$ 1,074,765</u>

(Continued)

Capital Projects Funds			
Certificates of Obligation	Municipal Facility	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 5,955,592
-	-	-	4,906,292
-	-	-	1,050,190
-	-	-	1,664,824
-	-	-	154,400
-	-	-	233,615
-	-	238,094	980,999
-	-	-	8,822,376
46,314	24,653	736,868	2,539,189
-	-	1,941,017	3,158,852
-	-	81,482	2,208,248
<u>46,314</u>	<u>24,653</u>	<u>2,997,461</u>	<u>31,674,577</u>
-	82,766	198,145	3,674,869
-	-	-	1,453,072
-	-	-	2,009,250
-	32,705	1,152,810	7,894,383
97,957	2,289,399	10,641,561	20,828,210
-	-	-	1,095,000
-	-	-	1,437,241
<u>97,957</u>	<u>2,404,870</u>	<u>11,992,516</u>	<u>38,392,025</u>
<u>(51,643)</u>	<u>(2,380,217)</u>	<u>(8,995,055)</u>	<u>(6,717,448)</u>
-	1,226,581	5,976,883	8,937,308
(186,058)	(733,995)	(2,459,534)	(8,057,374)
-	-	71,784	71,784
-	1,353,000	6,321,383	8,306,383
<u>(186,058)</u>	<u>1,845,586</u>	<u>9,910,516</u>	<u>9,258,101</u>
<u>(237,701)</u>	<u>(534,631)</u>	<u>915,461</u>	<u>2,540,653</u>
<u>322,816</u>	<u>2,456,103</u>	<u>11,782,855</u>	<u>30,523,171</u>
<u>\$ 85,115</u>	<u>\$ 1,921,472</u>	<u>\$ 12,698,316</u>	<u>\$ 33,063,824</u>

(Concluded)



THIS PAGE IS INTENTIONALLY LEFT BLANK

INDIVIDUAL FUND SCHEDULES

BUDGET TO ACTUAL SCHEDULES

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

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

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<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	\$ 13,682,688	\$ 13,682,688	\$ 14,016,650	\$ -	\$ 14,016,650	\$ 333,962
Investment income	127,672	127,672	218,141	-	218,141	90,469
Total revenue	<u>13,810,360</u>	<u>13,810,360</u>	<u>14,234,791</u>	<u>-</u>	<u>14,234,791</u>	<u>424,431</u>
EXPENDITURES						
Current operations:						
Support services	40,000	40,000	20,000	-	20,000	20,000
Debt service:						
Principal retirement	6,897,426	6,897,426	6,897,426	-	6,897,426	-
Interest	5,497,616	5,433,616	4,276,657	1,156,959	5,433,616	-
Total expenditures	<u>12,435,042</u>	<u>12,371,042</u>	<u>11,194,083</u>	<u>1,156,959</u>	<u>12,351,042</u>	<u>20,000</u>
Excess (deficiency) of revenue over (under) expenditures	<u>1,375,318</u>	<u>1,439,318</u>	<u>3,040,708</u>	<u>(1,156,959)</u>	<u>1,883,749</u>	<u>-</u> <u>444,431</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	50,000	50,000	57,276	-	57,276	7,276
Transfers out	(1,490,333)	(1,554,333)	(1,554,333)	-	(1,554,333)	-
Premium on debt issued	-	-	27,700	-	27,700	27,700
Total other financing sources (uses)	<u>(1,440,333)</u>	<u>(1,504,333)</u>	<u>(1,469,357)</u>	<u>-</u>	<u>(1,469,357)</u>	<u>34,976</u>
Net change in fund balance	(65,015)	(65,015)	1,571,351	(1,156,959)	414,392	479,407
Fund balance - beginning of the year	<u>1,081,680</u>	<u>1,081,680</u>	<u>1,768,257</u>	<u>(686,577)</u>	<u>1,081,680</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 1,016,665</u>	<u>\$ 1,016,665</u>	<u>\$ 3,339,608</u>	<u>\$ (1,843,536)</u>	<u>\$ 1,496,072</u>	<u>\$ 479,407</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. Property tax revenue from delinquent taxes was higher than anticipated.

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL/MOTEL TAX FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<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						
Other taxes	\$ 848,425	\$ 848,425	\$ 1,050,190	\$ (37,734)	\$ 1,012,456	\$ 164,031
Charges for goods and services	7,500	7,500	10,166	-	10,166	2,666
Investment income	8,281	8,281	17,721	(5,050)	12,671	4,390
Total revenues	<u>864,206</u>	<u>864,206</u>	<u>1,078,077</u>	<u>(42,784)</u>	<u>1,035,293</u>	<u>171,087</u>
EXPENDITURES						
Current operations:						
Support services	<u>691,112</u>	<u>695,947</u>	<u>687,468</u>	<u>(5,996)</u>	<u>681,472</u>	<u>14,475</u>
Total expenditures	<u>691,112</u>	<u>695,947</u>	<u>687,468</u>	<u>(5,996)</u>	<u>681,472</u>	<u>14,475</u>
Excess (deficiency) of revenues over (under) expenditures	173,094	168,259	390,609	(36,788)	353,821	185,562
OTHER FINANCING SOURCES (USES)						
Transfers out	<u>(151,471)</u>	<u>(151,471)</u>	<u>(151,471)</u>	<u>-</u>	<u>(151,471)</u>	<u>-</u>
Net changes in fund balance	21,623	16,788	239,138	(36,788)	202,350	185,562
Fund balance - beginning of the year	<u>638,212</u>	<u>638,212</u>	<u>662,002</u>	<u>(23,790)</u>	<u>638,212</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 659,835</u>	<u>\$ 655,000</u>	<u>\$ 901,140</u>	<u>\$ (60,578)</u>	<u>\$ 840,562</u>	<u>\$ 185,562</u>

Note: Hotel/Motel tax revenue was higher than anticipated for the year.

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE SEIZURE FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Budget		Actual		Budgetary Basis	Variance with Final Budget-Positive (Negative)
	Original	Final	GAAP Basis	Adjustments		
REVENUE						
Intergovernmental revenue	\$ 27,435	\$ 27,435	\$ 94,678	\$ -	\$ 94,678	\$ 67,243
Investment income	1,641	1,641	5,576	(709)	4,867	3,226
Contributions	4,785	4,785	2,794	-	2,794	(1,991)
Other	-	-	1,881	-	1,881	1,881
Total revenue	<u>33,861</u>	<u>33,861</u>	<u>104,929</u>	<u>(709)</u>	<u>104,220</u>	<u>70,359</u>
EXPENDITURES						
Current operations:						
Public safety services	125,300	226,318	176,025	50,293	226,318	-
Capital outlay	34,480	78,008	66,970	11,038	78,008	-
Total expenditures	<u>159,780</u>	<u>304,326</u>	<u>242,995</u>	<u>61,331</u>	<u>304,326</u>	<u>-</u>
Net change in fund balance	(125,919)	(270,465)	(138,066)	(62,040)	(200,106)	70,359
Fund balance - beginning of the year	<u>287,807</u>	<u>287,807</u>	<u>355,800</u>	<u>(67,993)</u>	<u>287,807</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 161,888</u>	<u>\$ 17,342</u>	<u>\$ 217,734</u>	<u>\$ (130,033)</u>	<u>\$ 87,701</u>	<u>\$ 70,359</u>

**CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<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 forfeitures	\$ 230,000	\$ 230,000	\$ 233,615	\$ -	\$ 233,615	\$ 3,615
Investment income	6,536	6,536	12,528	(2,570)	9,958	3,422
Total revenues	<u>236,536</u>	<u>236,536</u>	<u>246,143</u>	<u>(2,570)</u>	<u>243,573</u>	<u>7,037</u>
EXPENDITURES						
Current operations:						
Public Safety	120,353	145,547	142,199	(2,597)	139,602	5,945
Capital Outlay	203,258	203,258	177,129	19,638	196,767	6,491
Total expenditures	<u>323,611</u>	<u>348,805</u>	<u>319,328</u>	<u>17,041</u>	<u>336,369</u>	<u>12,436</u>
Excess (deficiency) of revenues over (under) expenditures	(87,075)	(112,269)	(73,185)	(19,611)	(92,796)	19,473
OTHER FINANCING SOURCES (USES)						
Transfers out	<u>(10,821)</u>	<u>(10,821)</u>	<u>(10,821)</u>	<u>-</u>	<u>(10,821)</u>	<u>-</u>
Net change in fund balance	(97,896)	(123,090)	(84,006)	(19,611)	(103,617)	19,473
Fund balance - beginning of the year	<u>72,212</u>	<u>72,212</u>	<u>302,812</u>	<u>(230,600)</u>	<u>72,212</u>	<u>-</u>
Fund balance - end of the year	<u>\$ (25,684)</u>	<u>\$ (50,878)</u>	<u>\$ 218,806</u>	<u>\$ (250,211)</u>	<u>\$ (31,405)</u>	<u>\$ 19,473</u>

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
CABLE OPERATIONS FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<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>Budgetary Basis</u>		
REVENUE						
Investment income	\$ 332	\$ 332	\$ 2,546	\$ (2,040)	\$ 506	\$ 174
Other	82,500	82,500	82,479	-	82,479	(21)
Total revenue	<u>82,832</u>	<u>82,832</u>	<u>85,025</u>	<u>(2,040)</u>	<u>82,985</u>	<u>153</u>
EXPENDITURES						
Current operations:						
Support services	102,874	106,705	100,287	(288)	99,999	6,706
Capital Outlay	4,000	6,110	-	4,043	4,043	2,067
Total expenditures	<u>106,874</u>	<u>112,815</u>	<u>100,287</u>	<u>3,755</u>	<u>104,042</u>	<u>8,773</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(24,042)</u>	<u>(29,983)</u>	<u>(15,262)</u>	<u>(5,795)</u>	<u>(21,057)</u>	<u>8,926</u>
Net change in fund balance	(24,042)	(29,983)	(15,262)	(5,795)	(21,057)	8,926
Fund balance - beginning of the year	<u>220,940</u>	<u>220,940</u>	<u>215,229</u>	<u>5,711</u>	<u>220,940</u>	<u>-</u>
Fund balance - end of the year	<u>\$ 196,898</u>	<u>\$ 190,957</u>	<u>\$ 199,967</u>	<u>\$ (84)</u>	<u>\$ 199,883</u>	<u>\$ 8,926</u>

COMBINING FINANCIAL STATEMENTS

NON-MAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the City Council is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the City Council has decided that periodic determination of revenues earned, expenses incurred, and/or net income (loss), is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The reporting entity has two non-major enterprise funds which include:

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

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2006**

ASSETS	Municipal Airport	Storm Water Utility	Total Nonmajor Enterprise Funds
Current assets:			
Cash and cash equivalents	\$ 167,533	\$ 254,064	\$ 421,597
Investments	1,059,113	806,218	1,865,331
Accounts receivables	20,094	162,730	182,824
Intergovernmental receivables	33,254	-	33,254
Inventories and supplies	65,670	-	65,670
Current restricted assets:			
Cash and cash equivalents	103,725	-	103,725
Investments	46,445	-	46,445
Total current assets	<u>1,495,834</u>	<u>1,223,012</u>	<u>2,718,846</u>
Capital assets:			
Land	183,923	-	183,923
Buildings	2,359,228	-	2,359,228
Equipment	526,754	-	526,754
Infrastructure	5,253,877	4,376,349	9,630,226
Construction in progress	2,073,968	-	2,073,968
Less accumulated depreciation	<u>(3,945,763)</u>	<u>(1,532,847)</u>	<u>(5,478,610)</u>
Total capital assets	<u>6,451,987</u>	<u>2,843,502</u>	<u>9,295,489</u>
Total assets	<u>7,947,821</u>	<u>4,066,514</u>	<u>12,014,335</u>
LIABILITIES			
Current liabilities:			
Accounts payable	528	-	528
Accrued liabilities	276,457	73,754	350,211
Accrued compensated absences	12,140	197	12,337
Current liabilities payable from restricted assets:			
Accrued liabilities	13,725	-	13,725
Customer deposits	46,445	-	46,445
Current portion of long term debt	<u>90,000</u>	<u>-</u>	<u>90,000</u>
Total current liabilities	<u>439,295</u>	<u>73,951</u>	<u>513,246</u>
Noncurrent liabilities:			
Accrued compensated absences	3,959	2,691	6,650
Long term debt	<u>2,315,000</u>	<u>-</u>	<u>2,315,000</u>
Total noncurrent liabilities	<u>2,318,959</u>	<u>2,691</u>	<u>2,321,650</u>
Total liabilities	<u>2,758,254</u>	<u>76,642</u>	<u>2,834,896</u>
NET ASSETS			
Invested in capital assets (net of related debt)	4,046,987	2,843,502	6,890,489
Restricted for debt service	103,725	-	103,725
Unrestricted	<u>1,038,855</u>	<u>1,146,370</u>	<u>2,185,225</u>
Total net assets	<u>\$ 5,189,567</u>	<u>\$ 3,989,872</u>	<u>\$ 9,179,439</u>

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF REVENUE, EXPENSE, AND
CHANGES IN FUND NET ASSET
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Municipal Airport</u>	<u>Storm Water Utility</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING REVENUE			
Sales to customers	\$ 1,456,813	\$ 2,470,183	\$ 3,926,996
Intergovernmental revenue	737,536	-	737,536
Miscellaneous	39,766	-	39,766
Total operating revenue	<u>2,234,115</u>	<u>2,470,183</u>	<u>4,704,298</u>
OPERATING EXPENSE			
Personal benefits	298,317	63,514	361,831
Supplies	845,062	868	845,930
Purchased services	512,155	424,403	936,558
Miscellaneous	-	9,351	9,351
Depreciation	387,934	210,018	597,952
Franchise fee	-	98,741	98,741
General and administrative costs	-	22,972	22,972
Total operating expense	<u>2,043,468</u>	<u>829,867</u>	<u>2,873,335</u>
Operating income (loss)	<u>190,647</u>	<u>1,640,316</u>	<u>1,830,963</u>
NONOPERATING REVENUE (EXPENSE)			
Investment income	35,484	20,078	55,562
Interest expense	(112,783)	-	(112,783)
Total nonoperating revenue (expense)	<u>(77,299)</u>	<u>20,078</u>	<u>(57,221)</u>
Income (loss) before transfers	113,348	1,660,394	1,773,742
Transfers out	(3,330)	(1,622,371)	(1,625,701)
Change in net assets	110,018	38,023	148,041
Net assets - beginning of year	<u>5,079,549</u>	<u>3,951,849</u>	<u>9,031,398</u>
Net assets - end of year	<u>\$ 5,189,567</u>	<u>\$ 3,989,872</u>	<u>\$ 9,179,439</u>

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Municipal Airport	Storm Water Utility	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 2,283,566	\$ 2,428,934	\$ 4,712,500
Cash received from other funds for services	(70,667)	-	(70,667)
Cash payments to suppliers for goods and services	(1,399,633)	(478,453)	(1,878,086)
Cash payments to employees for services	(301,379)	(60,626)	(362,005)
Cash payments to other funds for services	-	(98,741)	(98,741)
Other operating cash receipts (payments)	306,325	64,403	370,728
Net cash provided by operating activities	<u>818,212</u>	<u>1,855,517</u>	<u>2,673,729</u>
Cash flows from non-capital financing activities:			
Transfers to other funds	(3,330)	(1,622,371)	(1,625,701)
Net cash (used) by noncapital financing activities	<u>(3,330)</u>	<u>(1,622,371)</u>	<u>(1,625,701)</u>
Cash flows from capital and related financing activities:			
Capital outlays	(1,522,344)	-	(1,522,344)
Interest paid on bonds and line of credit	(112,783)	-	(112,783)
Repayment of principal on bonds	(85,000)	-	(85,000)
Net cash used by capital and related financing activities	<u>(1,720,127)</u>	<u>-</u>	<u>(1,720,127)</u>
Cash flows from investing activities:			
Investment earnings received on cash and investments	35,484	20,078	55,562
Purchase of investments	(749,367)	(505,988)	(1,255,355)
Net cash (used) by investing activities	<u>(713,883)</u>	<u>(485,910)</u>	<u>(1,199,793)</u>
Net (decrease) in cash and cash equivalents	(1,619,128)	(252,764)	(1,871,892)
Cash and cash equivalents - beginning of year	1,890,386	506,828	2,397,214
Cash and cash equivalents - end of year	<u>\$ 271,258</u>	<u>\$ 254,064</u>	<u>\$ 525,322</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Net operating income	\$ 190,647	\$ 1,640,316	\$ 1,830,963
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	387,934	210,018	597,952
Decrease (increase) in other accounts receivable	47,984	(41,249)	6,735
Decrease (increase) in inventories and supplies	(25,550)	-	(25,550)
(Decrease) in accounts payable	(16,866)	(30,210)	(47,076)
Increase in other accrued liabilities	229,146	73,754	302,900
Increase in customer deposits	7,979	-	7,979
(Decrease) increase in accrued compensated absences	(3,062)	2,888	(174)
Net cash provided (used) by operating activities	<u>\$ 818,212</u>	<u>\$ 1,855,517</u>	<u>\$ 2,673,729</u>

Noncash investing, capital, and financing activities:

The change in fair value of investments was \$3,909 for the Municipal Airport and \$2,851 for Storm Water Utility.

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments within the city:

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

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2006**

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 417,461	\$ 417,461
Investments	1,074,014	2,549,377	3,623,391
Inventories and supplies	370,386	-	370,386
Current restricted assets:			
Cash and cash equivalents	-	226,000	226,000
Total current assets	<u>1,444,400</u>	<u>3,192,838</u>	<u>4,637,238</u>
Capital assets:			
Land	737,566	-	737,566
Buildings	1,477,875	-	1,477,875
Equipment	1,514,467	-	1,514,467
Infrastructure	16,672	-	16,672
Less accumulated depreciation	<u>(2,742,496)</u>	<u>-</u>	<u>(2,742,496)</u>
Total noncurrent assets	<u>1,004,084</u>	<u>-</u>	<u>1,004,084</u>
Total assets	<u>2,448,484</u>	<u>3,192,838</u>	<u>5,641,322</u>
LIABILITIES			
Current liabilities:			
Other accrued liabilities	56,781	2,989,912	3,046,693
Accrued compensated absences	19,419	2,270	21,689
Interfund liabilities	80,455	-	80,455
Current liabilities payable from restricted assets:			
Accrued liabilities	-	226,000	226,000
Total current liabilities	<u>156,655</u>	<u>3,218,182</u>	<u>3,374,837</u>
Noncurrent liabilities:			
Accrued compensated absences	-	3,118	3,118
Total noncurrent liabilities	<u>-</u>	<u>3,118</u>	<u>3,118</u>
Total liabilities	<u>156,655</u>	<u>3,221,300</u>	<u>3,377,955</u>
NET ASSETS			
Invested in capital assets (net of related debt)	1,004,084	-	1,004,084
Unrestricted	<u>1,287,745</u>	<u>(28,462)</u>	<u>1,259,283</u>
Total net assets (liabilities)	<u>\$ 2,291,829</u>	<u>\$ (28,462)</u>	<u>\$ 2,263,367</u>

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF REVENUE, EXPENSE, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Equipment Services</u>	<u>Risk Management</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUE			
Sales to customers	\$ 3,250,194	\$ -	\$ 3,250,194
Insurance premiums	-	12,467,221	12,467,221
Miscellaneous	26,797	113,010	139,807
Total operating revenue	<u>3,276,991</u>	<u>12,580,231</u>	<u>15,857,222</u>
OPERATING EXPENSE			
Personnel services	896,119	119,334	1,015,453
Supplies	1,766,167	2,342	1,768,509
Purchased services	349,537	171,444	520,981
Insurance costs	-	12,590,958	12,590,958
Depreciation	106,314	-	106,314
Total operating expense	<u>3,118,137</u>	<u>12,884,078</u>	<u>16,002,215</u>
Operating income (loss)	<u>158,854</u>	<u>(303,847)</u>	<u>(144,993)</u>
NONOPERATING REVENUE (EXPENSE)			
Investment income	26,789	87,309	114,098
Loss on property disposition	<u>(124,700)</u>	<u>-</u>	<u>(124,700)</u>
Total nonoperating revenue	<u>(97,911)</u>	<u>87,309</u>	<u>(10,602)</u>
Income (loss) before contributions and transfers	<u>60,943</u>	<u>(216,538)</u>	<u>(155,595)</u>
Transfers in	-	17,493	17,493
Transfers out	<u>(17,408)</u>	<u>(121,115)</u>	<u>(138,523)</u>
Change in net assets	43,535	(320,160)	(276,625)
Net assets at beginning of the year	<u>2,248,294</u>	<u>291,698</u>	<u>2,539,992</u>
Net assets at the end of the year	<u>\$ 2,291,829</u>	<u>\$ (28,462)</u>	<u>\$ 2,263,367</u>

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Equipment Services	Risk Management	Total Internal Service Funds
Cash flows from operating activities:			
Cash received from customers	\$ 3,250,194	\$ -	\$ 3,250,194
Cash received from other funds for services	-	12,467,221	12,467,221
Cash payments to suppliers for goods and services	(2,309,282)	(12,839,434)	(15,148,716)
Cash payments to employees for services	(894,369)	(118,068)	(1,012,437)
Other operating cash receipts (payments)	133,101	513,551	646,652
Net cash provided (used) by operating activities	<u>179,644</u>	<u>23,270</u>	<u>202,914</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	-	17,493	17,493
Transfers to other funds	(17,408)	(121,115)	(138,523)
Net cash provided (used) by noncapital financing activities	<u>(17,408)</u>	<u>(103,622)</u>	<u>(121,030)</u>
Cash flows from capital and related financing activities:			
Capital outlays	117,274	-	117,274
Net cash used by capital and related financing activities	<u>117,274</u>	<u>-</u>	<u>117,274</u>
Cash flows from investing activities			
Investment earnings received on cash and investments	26,789	87,309	114,098
Purchase of investments	(858,928)	-	(858,928)
Sale of investments	-	259,785	259,785
Net cash provided (used) by investing activities	<u>(832,139)</u>	<u>347,094</u>	<u>(485,045)</u>
Net increase (decrease) in cash and cash equivalents	(552,629)	266,742	(285,887)
Cash and cash equivalents - beginning of year	552,629	376,719	929,348
Cash and cash equivalents - end of year	<u>\$ -</u>	<u>\$ 643,461</u>	<u>\$ 643,461</u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:			
Net operating income (loss)	\$ 158,854	\$ (303,847)	\$ (144,993)
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	106,314	-	106,314
Change in assets and liabilities:			
Decrease (increase) in inventories and supplies	(155,695)	-	(155,695)
Decrease (increase) in accounts payable	(37,883)	(113,690)	(151,573)
Decrease (increase) in other accrued liabilities	25,849	439,541	465,390
Increase in interfund liabilities	80,455	-	80,455
Decrease (increase) in accrued compensated absences	1,750	1,266	3,016
Net cash provided (used) by operating activities	<u>\$ 179,644</u>	<u>\$ 23,270</u>	<u>\$ 202,914</u>

Noncash investing, capital, and financing activities:

The change in fair value of investments was \$3,798 for Equipment Services and \$9,014 Risk Management.

**CITY OF GRAND PRAIRIE, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE (SEE NOTE BELOW)
 AS OF SEPTEMBER 30, 2006**

Governmental funds capital assets:

Land	\$ 19,191,435
Buildings	60,543,807
Equipment	51,820,964
Infrastructure	309,875,002
Construction in progress	<u>114,506,640</u>
Total governmental funds capital assets	<u><u>\$ 555,937,848</u></u>

Investment in governmental funds capital assets by source:

Capital projects funds	\$ 67,817,961
General Fund	433,751,140
Special revenue funds	889,854
Private and other	<u>53,478,893</u>
Total investment	<u><u>\$ 555,937,848</u></u>

Note:

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

CITY OF GRAND PRAIRIE, TEXAS
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (SEE NOTE BELOW)
AS OF SEPTEMBER 30, 2006

<u>Function and Activity</u>	<u>Land</u>	<u>Building</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	384,791	132,897	5,656,134
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	-	6,750	1,763,621	643,869	2,414,240
Finance	138,445	27,616,736	1,423,399	4,122,340	33,300,920
Total support services	<u>2,132,203</u>	<u>31,064,417</u>	<u>4,296,402</u>	<u>4,920,257</u>	<u>42,413,279</u>
Public Safety:					
Fire	536,269	4,016,585	10,142,921	1,161,115	15,856,890
Police	725,971	7,155,090	17,274,211	568,228	25,723,500
Environmental Health	132,862	423,881	327,309	185,310	1,069,362
Municipal Court	186,002	2,261,062	330,765	143,016	2,920,845
Total public safety	<u>1,581,104</u>	<u>13,856,618</u>	<u>28,075,206</u>	<u>2,057,669</u>	<u>45,570,597</u>
Recreation and Leisure:					
Parks and Recreation	10,052,462	8,894,304	5,033,032	13,844,991	37,824,789
Library	49,905	6,141,668	2,716,704	384,581	9,292,858
Total recreation and leisure	<u>10,102,367</u>	<u>15,035,972</u>	<u>7,749,736</u>	<u>14,229,572</u>	<u>47,117,647</u>
Development Services:					
Planning	-	-	52,500	37,940	90,440
Building inspections	-	-	102,600	-	102,600
Economic Development	-	20,000	-	461,589	481,589
Housing & Community Development	66,500	236,555	523,768	654,769	1,481,592
Public Works	5,133,654	273,935	264,537	140,997,250	146,669,376
Transportation	110,733	18,132	6,762,963	8,611,252	15,503,080
Streets	64,874	38,178	3,993,251	137,904,705	142,001,008
Total development services	<u>5,375,761</u>	<u>586,800</u>	<u>11,699,619</u>	<u>288,667,505</u>	<u>306,329,685</u>
Total	<u>\$ 19,191,435</u>	<u>\$ 60,543,807</u>	<u>\$ 51,820,963</u>	<u>\$ 309,875,003</u>	<u>\$ 441,431,208</u>
Construction in Progress					<u>114,506,640</u>
Total governmental funds capital assets					<u>\$ 555,937,848</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 (SEE NOTE BELOW)
FOR YEAR ENDED SEPTEMBER 30, 2006

Function and Activity	Balance October 1, 2005	Additions/ Completions	Disposals/ Reclassifications	Balance September 30, 2006
Support Services:				
City Council	\$ 29,151	\$ -	\$ -	\$ 29,151
City Manager	5,657,590	5,189	(6,645)	5,656,134
Budget	49,949	-	-	49,949
City Attorney	138,936	-	-	138,936
Human Resources	823,949	-	-	823,949
Information Systems	2,243,033	171,207	-	2,414,240
Finance	29,399,776	3,901,144	-	33,300,920
Total support services	38,342,384	4,077,540	(6,645)	42,413,279
Public Safety:				
Fire	15,408,538	448,351	-	15,856,889
Police	25,707,916	445,578	(429,994)	25,723,500
Environmental Health	1,069,362	-	-	1,069,362
Municipal Court	2,828,834	92,012	-	2,920,846
Total public safety	45,014,650	985,941	(429,994)	45,570,597
Recreation and Leisure:				
Parks and Recreation	34,285,040	3,539,750	-	37,824,790
Library	9,286,865	5,993	-	9,292,858
Total recreation and leisure	43,571,905	3,545,743	-	47,117,648
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	137,573,790	9,112,780	(17,194)	146,669,376
Transportation	15,557,887	-	(66,097)	15,491,790
Streets	131,665,282	10,426,431	(79,417)	142,012,296
Total development services	286,953,181	19,539,211	(162,708)	306,329,684
Construction in progress	93,900,453	25,718,977	(5,112,790)	114,506,640
Total governmental funds capital assets	\$ 507,782,573	\$ 53,867,412	\$ (5,712,137)	\$ 555,937,848

Note:

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



THIS PAGE IS INTENTIONALLY LEFT BLANK

SUPPLEMENTAL SCHEDULES

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

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING BALANCE SHEET
 PARK VENUE FUND
 SEPTEMBER 30, 2006**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Rainy Day Fund</u>	<u>Total Park Venue</u>
ASSETS					
Cash and cash equivalents	\$ 324,311	\$ 1,897,543	\$ 94,039	\$ 141,384	\$ 2,457,277
Investment	2,630,532	501,774	3,204,176	918,497	7,254,979
Other Receivables	239,915	-	-	-	239,915
Sales Tax	845,736	-	-	-	845,736
Total assets	<u>\$ 4,040,494</u>	<u>\$ 2,399,317</u>	<u>\$ 3,298,215</u>	<u>\$ 1,059,881</u>	<u>\$ 10,797,907</u>
LIABILITIES AND FUND BALANCE					
Liabilities :					
Accrued liabilities	\$ 564,646	\$ -	\$ 333,573	\$ -	\$ 898,219
Deferred revenue	33,479	-	-	-	33,479
Total liabilities	<u>598,125</u>	<u>-</u>	<u>333,573</u>	<u>-</u>	<u>931,698</u>
Fund Balance:					
Reserved for:					
Encumbrances	24,743	-	1,037,760	-	1,062,503
Bond debt service	-	2,399,317	-	-	2,399,317
Unreserved, undesignated in:					
Special revenue fund	3,417,626	-	1,926,882	1,059,881	6,404,389
Total fund balance	<u>3,442,369</u>	<u>2,399,317</u>	<u>2,964,642</u>	<u>1,059,881</u>	<u>9,866,209</u>
Total liabilities and fund balance	<u>\$ 4,040,494</u>	<u>\$ 2,399,317</u>	<u>\$ 3,298,215</u>	<u>\$ 1,059,881</u>	<u>\$ 10,797,907</u>

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
PARK VENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Rainy Day Fund</u>	<u>Total Park Venue</u>
REVENUE					
Sales tax	\$ 4,906,292	\$ -	\$ -	\$ -	\$ 4,906,292
Charges for goods and services	1,705,476	-	-	-	1,705,476
Investment income	78,390	67,554	240,140	34,942	421,026
Contributions	15,348	-	-	-	15,348
Other	4,423	-	-	-	4,423
Total revenue	<u>6,709,929</u>	<u>67,554</u>	<u>240,140</u>	<u>34,942</u>	<u>7,052,565</u>
EXPENDITURES					
Current operations:					
Recreation and leisure services	9,369,133	-	-	-	9,369,133
Capital outlay	124,594	-	6,437,402	-	6,561,996
Debt service:					
Principal retirement	-	1,087,502	-	-	1,087,502
Interest expense	-	1,619,312	-	-	1,619,312
Total expenditures	<u>9,493,727</u>	<u>2,706,814</u>	<u>6,437,402</u>	<u>-</u>	<u>18,637,943</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(2,783,798)</u>	<u>(2,639,260)</u>	<u>(6,197,262)</u>	<u>34,942</u>	<u>(11,585,378)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	7,658,873	2,831,838	1,211,700	79,630	11,782,041
Transfers out	(4,179,535)	-	-	-	(4,179,535)
Total other financing sources (uses)	<u>3,479,338</u>	<u>2,831,838</u>	<u>1,211,700</u>	<u>79,630</u>	<u>7,602,506</u>
Change in fund balance	695,540	192,578	(4,985,562)	114,572	(3,982,872)
Fund balance - beginning 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>
Fund balance - end of year	<u>\$ 3,442,369</u>	<u>\$ 2,399,317</u>	<u>\$ 2,964,642</u>	<u>\$ 1,059,881</u>	<u>\$ 9,866,209</u>

Interfund transfers in/out between the Operating fund, Debt Service fund, Capital Project fund, and Rainy Day fund (\$3,992,119) are eliminated on the Statement of Revenue, Expenditures, and Change in Fund Balance.

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING BALANCE SHEET
 TAX INCREMENT FINANCING FUND (TIF)
 SEPTEMBER 30, 2006**

	<u>TIF 1</u>	<u>TIF 2</u>	<u>TIF 3</u>	<u>Total TIF</u>
ASSETS				
Cash and cash equivalents	\$ 83,381	\$ 1,103,919	\$ -	\$ 1,187,300
Interfund receivable*	721	-	-	721
Investment	249,273	-	-	249,273
Total assets	<u>\$ 333,375</u>	<u>\$ 1,103,919</u>	<u>\$ -</u>	<u>\$ 1,436,573</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accrued liabilities	\$ 1,564	\$ 3,813	\$ 16,033	\$ 21,410
Interfund liabilities*	-	-	721	721
Total liabilities	<u>1,564</u>	<u>3,813</u>	<u>16,754</u>	<u>21,410</u>
Fund Balance:				
Reserved for:				
Bond debt service	62,457	678,880	-	741,337
Unreserved, undesignated in:				
Special revenue fund	<u>269,354</u>	<u>421,226</u>	<u>(16,754)</u>	<u>673,826</u>
Total fund balance	<u>331,811</u>	<u>1,100,106</u>	<u>(16,754)</u>	<u>1,415,163</u>
Total liabilities and fund balance	<u>\$ 333,375</u>	<u>\$ 1,103,919</u>	<u>\$ -</u>	<u>\$ 1,436,573</u>

Interfund receivable and liability between TIF 2 and TIF 3 are eliminated on the Combining Statements.

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
TAX INCREMENT FINANCING FUND (TIF)
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>TIF 1</u>	<u>TIF 2</u>	<u>TIF 3</u>	<u>Total TIF</u>
REVENUE				
Property tax	\$ 483,965	\$ 3,769,009	\$ 1,702,618	\$ 5,955,592
Investment income	16,997	44,024	29,211	90,232
Total revenue	<u>500,962</u>	<u>3,813,033</u>	<u>1,731,829</u>	<u>6,045,824</u>
EXPENDITURES				
Current operations:				
Support services	122,710	774,448	10,921	908,079
Capital outlay	-	395,000	1,174,999	1,569,999
Debt service:				
Principal retirement	45,000	350,000	60,000	455,000
Interest expense	39,224	373,775	41,481	454,480
Total expenditures	<u>206,934</u>	<u>1,893,223</u>	<u>1,287,401</u>	<u>3,387,558</u>
Excess (deficiency) of revenue over (under) expenditures	<u>294,028</u>	<u>1,919,810</u>	<u>444,428</u>	<u>2,658,266</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	121,040	1,006,945	593,628	1,721,613
Transfers out	(387,869)	(3,934,064)	(1,798,828)	(6,120,761)
Bonds issued	-	1,575,000	-	1,575,000
Total other financing sources (uses)	<u>(266,829)</u>	<u>(1,352,119)</u>	<u>(1,205,200)</u>	<u>(2,824,148)</u>
Change in fund balance	27,199	567,691	(760,772)	(165,882)
Fund balance - beginning of year	<u>304,612</u>	<u>532,415</u>	<u>744,018</u>	<u>1,581,045</u>
Fund balance - end of year	<u>\$ 331,811</u>	<u>\$ 1,100,106</u>	<u>\$ (16,754)</u>	<u>\$ 1,415,163</u>

Interfund transfers in/out between TIF 1, TIF 2, and TIF 3 (\$1,721,613) are eliminated on
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF NET ASSETS
 WATER AND WASTEWATER FUND
 SEPTEMBER 30, 2006**

	<u>Operating</u>	<u>Debt Service</u>	<u>Water Capital Projects</u>	<u>Rate Stabilization</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,816,980	\$ 124,515	\$ 214,241	\$ 75,119
Investments	10,789,709	2,771,832	10,247,254	2,376,836
Accounts receivable	2,939,377	-	-	-
Inventories and supplies	384,413	-	-	-
Deferred charges	516,647	-	-	-
Current restricted assets:				
Investments	2,042,913	3,183,334	-	-
Total current assets	<u>18,490,039</u>	<u>6,079,681</u>	<u>10,461,495</u>	<u>2,451,955</u>
Capital assets:				
Land	751,089	-	-	-
Buildings	2,361,045	-	-	-
Equipment	13,095,675	-	-	-
Improvements other than buildings	193,638,407	-	-	-
Construction in progress	27,250,862	-	-	-
Less: Accumulated depreciation	<u>(80,576,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>156,520,325</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>175,010,364</u>	<u>6,079,681</u>	<u>10,461,495</u>	<u>2,451,955</u>
LIABILITIES				
Current liabilities:				
Accounts payable	22,380	-	-	-
Accrued liabilities	5,301,477	-	616,050	-
Accrued compensated absences	140,861	-	-	-
Current liabilities payable from restricted assets:				
Customer deposits	2,042,913	-	-	-
Accrued liabilities	-	545,878	-	-
Current portion of long term debt	2,637,456	-	-	-
Total current liabilities	<u>10,145,087</u>	<u>545,878</u>	<u>616,050</u>	<u>-</u>
Noncurrent liabilities				
Accrued compensated absences	14,172	-	-	-
Long term debt	45,794,891	-	-	-
Total noncurrent liabilities	<u>45,809,063</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>55,954,150</u>	<u>545,878</u>	<u>616,050</u>	<u>-</u>
NET ASSETS				
Invested in capital assets (net of related debt)	115,229,625	-	-	-
Restricted for debt service	-	3,183,334	-	-
Unrestricted	3,826,589	2,350,469	9,845,445	2,451,955
Total net assets	<u>\$ 119,056,214</u>	<u>\$ 5,533,803</u>	<u>\$ 9,845,445</u>	<u>\$ 2,451,955</u>

Wastewater Capital Projects	Water/ Wastewater Projects	Water/ Wastewater Capital Reserve	Total Water Wastewater
\$ 278,480	\$ 74,736	\$ 2,810	\$ 2,586,881
5,718,459	2,659,776	73,290	34,637,156
-	-	-	2,939,377
-	-	-	384,413
-	-	-	516,647
-	-	-	5,226,247
<u>5,996,939</u>	<u>2,734,512</u>	<u>76,100</u>	<u>46,290,721</u>
-	-	-	751,089
-	-	-	2,361,045
-	-	-	13,095,675
-	-	-	193,638,407
-	-	-	27,250,862
-	-	-	(80,576,753)
-	-	-	156,520,325
<u>5,996,939</u>	<u>2,734,512</u>	<u>76,100</u>	<u>202,811,046</u>
-	-	-	22,380
61,790	-	-	5,979,317
-	-	-	140,861
-	-	-	2,042,913
-	-	-	545,878
-	-	-	2,637,456
<u>61,790</u>	<u>-</u>	<u>-</u>	<u>11,368,805</u>
-	-	-	14,172
-	-	-	45,794,891
-	-	-	45,809,063
<u>61,790</u>	<u>-</u>	<u>-</u>	<u>57,177,868</u>
-	-	-	115,229,625
-	-	-	3,183,334
<u>5,935,149</u>	<u>2,734,512</u>	<u>76,100</u>	<u>27,220,219</u>
<u>\$ 5,935,149</u>	<u>\$ 2,734,512</u>	<u>\$ 76,100</u>	<u>\$ 145,633,178</u>

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF REVENUE, EXPENSE AND
CHANGES IN FUND NET ASSETS
WATER AND WASTEWATER FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Operating</u>	<u>Debt Service</u>	<u>Water Capital Projects</u>	<u>Rate Stabilization</u>
OPERATING REVENUE				
Sales to customers	\$ 25,037,377	\$ -	\$ -	\$ -
Wastewater charges to customers	14,105,857	-	-	-
Water and wastewater fees	1,168,656	-	-	-
Wastewater surcharges	640,335	-	-	-
Miscellaneous	628,320	-	984,148	-
Total operating revenue	<u>41,580,545</u>	<u>-</u>	<u>984,148</u>	<u>-</u>
OPERATING EXPENSE				
Personal Services	4,753,053	-	-	-
Supplies	549,235	-	-	-
Purchased Services	4,648,456	-	3,332	-
Capital outlay	(17,808,199)	-	13,788,224	-
Water purchases	9,260,747	-	-	-
Wastewater treatment	7,444,990	-	-	-
Miscellaneous	134,184	-	-	-
Depreciation	7,408,130	-	-	-
Franchise fees	1,604,168	-	-	-
General and administrative costs	2,021,376	-	-	-
Principal payment on bonds	(2,565,454)	2,565,454	-	-
Total operating expense	<u>17,450,686</u>	<u>2,565,454</u>	<u>13,791,556</u>	<u>-</u>
Operating income (loss)	<u>24,129,859</u>	<u>(2,565,454)</u>	<u>(12,807,408)</u>	<u>-</u>
NONOPERATING REVENUE (EXPENSES)				
Impact fees	-	-	500,000	-
Investment income	378,081	153,153	490,045	24,062
Loss on sale of capital assets	(31,434)	-	-	-
Interest expense	(156,976)	(1,730,637)	-	-
Total nonoperating revenue (expenses)	<u>189,671</u>	<u>(1,577,484)</u>	<u>990,045</u>	<u>24,062</u>
Income (loss) before transfers and contributions	24,319,530	(4,142,938)	(11,817,363)	24,062
Transfers in	1,583,529	3,942,026	9,012,137	-
Transfers out	(13,963,526)	-	(118,609)	-
Capital contributions	2,127,454	-	-	-
Change in net assets	14,066,987	(200,912)	(2,923,835)	24,062
Net assets - beginning of the year	<u>104,989,227</u>	<u>5,734,715</u>	<u>12,769,280</u>	<u>2,427,893</u>
Net assets - end of the year	<u>\$ 119,056,214</u>	<u>\$ 5,533,803</u>	<u>\$ 9,845,445</u>	<u>\$ 2,451,955</u>

Interfund transfers in/out between the Operating fund, Debt Service fund, Water Capital Projects fund, Rate Stabilization fund Wastewater Capital Projects fund, Water/Wastewater Projects fund, and Water Wastewater Capital Reserve fund (\$19,498,800) are eliminated on the Statement of Revenue, Expenses, and Change in Fund Net Assets, Nonmajor Enterprise Funds.

Wastewater Capital Projects	Water/ Wastewater Projects	Water Wastewater Capital Reserve	Total Water Wastewater
\$ -	\$ -	\$ -	\$ 25,037,377
-	-	-	14,105,857
-	-	-	1,168,656
-	-	-	640,335
-	-	-	1,612,468
<u>-</u>	<u>-</u>	<u>-</u>	<u>42,564,693</u>
-	-	-	4,753,053
-	-	-	549,235
-	-	-	4,651,788
4,019,975	-	-	-
-	-	-	9,260,747
-	-	-	7,444,990
-	-	-	134,184
-	-	-	7,408,130
-	-	-	1,604,168
-	-	-	2,021,376
-	-	-	-
<u>4,019,975</u>	<u>-</u>	<u>-</u>	<u>37,827,671</u>
<u>(4,019,975)</u>	<u>-</u>	<u>-</u>	<u>4,737,022</u>
-	1,545,256	-	2,045,256
182,070	15,357	721	1,243,489
-	-	-	(31,434)
-	-	-	(1,887,613)
<u>182,070</u>	<u>1,560,613</u>	<u>721</u>	<u>1,369,698</u>
(3,837,905)	1,560,613	721	6,106,720
3,126,615	-	2,422,355	20,086,662
(4,342,278)	-	(2,422,355)	(20,846,768)
-	-	-	2,127,454
<u>(5,053,568)</u>	<u>1,560,613</u>	<u>721</u>	<u>7,474,068</u>
<u>10,988,717</u>	<u>1,173,899</u>	<u>75,379</u>	<u>138,159,110</u>
<u>\$ 5,935,149</u>	<u>\$ 2,734,512</u>	<u>\$ 76,100</u>	<u>\$ 145,633,178</u>

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS
MUNICIPAL GOLF COURSE FUND
SEPTEMBER 30, 2006**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Municipal Golf</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 32,357	\$ 23,356	\$ 53,253	\$ 108,966
Investments	490,994	-	377,632	868,626
Current restricted assets:				
Deferred Charges	3,656	-	-	3,656
Cash and cash equivalents	-	146,569	-	146,569
Investments	-	200,710	-	200,710
Total current assets	<u>527,007</u>	<u>370,635</u>	<u>430,885</u>	<u>1,328,527</u>
Capital assets:				
Land	568,284	-	-	568,284
Buildings	1,854,835	-	-	1,854,835
Equipment	1,032,386	-	-	1,032,386
Improvements other than buildings	7,774,839	-	-	7,774,839
Construction in progress	1,611,815	-	-	1,611,815
Less: Accumulated depreciation	(4,448,252)	-	-	(4,448,252)
Total capital assets	<u>8,393,907</u>	<u>-</u>	<u>-</u>	<u>8,393,907</u>
Total assets	<u>8,920,914</u>	<u>370,635</u>	<u>430,885</u>	<u>9,722,434</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	-	-
Accrued liabilities	138,070	-	9,388	147,458
Accrued compensated absences	25,774	-	-	25,774
Current liabilities payable from restricted assets:				
Accrued liabilities	-	43,604	-	43,604
Current portion of long term debt	303,675	-	-	303,675
Total current liabilities	<u>467,519</u>	<u>43,604</u>	<u>9,388</u>	<u>520,511</u>
Noncurrent liabilities				
Accrued compensated absences	14,146	-	-	14,146
Long term debt	7,695,219	-	-	7,695,219
Total noncurrent liabilities	<u>7,709,365</u>	<u>-</u>	<u>-</u>	<u>7,709,365</u>
Total liabilities	<u>8,176,884</u>	<u>43,604</u>	<u>9,388</u>	<u>8,229,876</u>
NET ASSETS				
Invested in capital assets (net of related debt)	402,237	-	-	402,237
Restricted for debt service	-	327,031	-	327,031
Unrestricted	341,793	-	421,497	763,290
Total net assets	<u>\$ 744,030</u>	<u>\$ 327,031</u>	<u>\$ 421,497</u>	<u>\$ 1,492,558</u>

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF REVENUE, EXPENSE, AND
CHANGES IN FUND NET ASSETS
MUNICIPAL GOLF COURSE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Municipal Golf</u>
OPERATING REVENUE				
Sales to customers	\$ 2,038,443	\$ -	\$ -	\$ 2,038,443
Miscellaneous	549,314	-	-	549,314
Total operating revenue	<u>2,587,757</u>	<u>-</u>	<u>-</u>	<u>2,587,757</u>
OPERATING EXPENSE				
Personal Services	953,679	-	-	953,679
Supplies	376,275	-	-	376,275
Purchased Services	1,263,077	-	-	1,263,077
Capital outlay	(333,027)	-	333,027	-
Miscellaneous	930	-	-	930
Depreciation	447,424	-	-	447,424
Principal payment on bonds	(290,928)	290,928	-	-
Total operating expense	<u>2,417,430</u>	<u>290,928</u>	<u>333,027</u>	<u>3,041,385</u>
Operating income (loss)	<u>170,327</u>	<u>(290,928)</u>	<u>(333,027)</u>	<u>(453,628)</u>
NONOPERATING REVENUE (EXPENSE)				
Investment income	10,664	8,614	22,782	42,060
Interest expense	(94)	(349,083)	-	(349,177)
Total nonoperating revenue (expense)	<u>10,570</u>	<u>(340,469)</u>	<u>22,782</u>	<u>(307,117)</u>
Income (loss) before transfers	<u>180,897</u>	<u>(631,397)</u>	<u>(310,245)</u>	<u>(760,745)</u>
Transfers in	761,518	732,768	347,248	1,841,534
Transfers out	(886,518)	-	(3,750)	(890,268)
Change in net assets	55,897	101,371	33,253	190,521
Net assets - beginning of year	<u>688,133</u>	<u>225,660</u>	<u>388,244</u>	<u>1,302,037</u>
Net assets - end of year	<u>\$ 744,030</u>	<u>\$ 327,031</u>	<u>\$ 421,497</u>	<u>\$ 1,492,558</u>

Interfund transfers in/out between the Operating fund, and Debt Service fund, (\$890,268) are eliminated on the Statement of Revenue, Expenses, and Change in Fund Net Assets, Proprietary Funds.

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS
SOLID WASTE FUND
SEPTEMBER 30, 2006

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Closure Liability</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 630,664	\$ 34,383	\$ 62,203	\$ 40,821
Investment	1,384,282	312,177	1,178,145	1,793,016
Accounts receivable	315,506	-	-	-
Current restricted assets:				
Restricted investments	806	57,823	-	-
Total current assets	<u>2,331,258</u>	<u>404,383</u>	<u>1,240,348</u>	<u>1,833,837</u>
Capital assets:				
Land	1,748,378	-	-	-
Buildings	726,069	-	-	-
Equipment	4,848,811	-	-	-
Improvements other than buildings	6,926,353	-	-	-
Construction in progress	989,263	-	-	-
Less accumulated depreciation	<u>(4,227,902)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>11,010,972</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>13,342,230</u>	<u>404,383</u>	<u>1,240,348</u>	<u>1,833,837</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	-	-
Accrued liabilities	463,417	-	20,550	-
Accrued compensated absences	38,596	-	-	-
Current liabilities payable from restricted assets:				
Customer deposits	806	-	-	-
Accrued interest	-	1,773	-	-
Current portion of long term debt	56,050	-	-	-
Total current liabilities	<u>558,869</u>	<u>1,773</u>	<u>20,550</u>	<u>-</u>
Noncurrent liabilities:				
Accrued compensated absences	17,081	-	-	-
Closure and post closure liability	2,680,845	-	-	-
Long term debt	201,780	-	-	-
Total noncurrent liabilities	<u>2,899,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,458,575</u>	<u>1,773</u>	<u>20,550</u>	<u>-</u>
NET ASSETS				
Invested in capital assets (net of related debt)	10,753,142	-	-	-
Restricted for debt service	-	57,823	-	-
Unrestricted	<u>(869,487)</u>	<u>344,787</u>	<u>1,219,798</u>	<u>1,833,837</u>
Total net assets	<u>\$ 9,883,655</u>	<u>\$ 402,610</u>	<u>\$ 1,219,798</u>	<u>\$ 1,833,837</u>

<u>Equipment Acquisition</u>	<u>Landfill Replacement</u>	<u>Liner Reserve</u>	<u>Total Solid Waste</u>
\$ 21,583	\$ 180,798	\$ 75,192	\$ 1,045,644
661,654	2,081,898	593,024	8,004,196
-	-	-	315,506
-	-	-	58,629
<u>683,237</u>	<u>2,262,696</u>	<u>668,216</u>	<u>9,423,975</u>
-	-	-	1,748,378
-	-	-	726,069
-	-	-	4,848,811
-	-	-	6,926,353
-	-	-	989,263
-	-	-	(4,227,902)
-	-	-	11,010,972
<u>683,237</u>	<u>2,262,696</u>	<u>668,216</u>	<u>20,434,947</u>
-	-	-	-
-	-	-	483,967
-	-	-	38,596
-	-	-	806
-	-	-	1,773
-	-	-	56,050
-	-	-	581,192
-	-	-	17,081
-	-	-	2,680,845
-	-	-	201,780
-	-	-	2,899,706
-	-	-	3,480,898
-	-	-	10,753,142
-	-	-	57,823
<u>683,237</u>	<u>2,262,696</u>	<u>668,216</u>	<u>6,143,084</u>
<u>\$ 683,237</u>	<u>\$ 2,262,696</u>	<u>\$ 668,216</u>	<u>\$ 16,954,049</u>

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF REVENUE, EXPENSE, AND
CHANGES IN FUND NET ASSETS
SOLID WASTE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Closure Liability</u>
OPERATING REVENUE				
Sales to customers	\$ 8,761,304	\$ -	\$ -	\$ -
Franchise fees	305,907	-	-	-
Miscellaneous	6,095	-	-	-
Total operating revenue	<u>9,073,306</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSE				
Personal Services	1,446,319	-	-	-
Supplies	392,847	-	-	-
Purchased Services	3,981,103	-	-	-
Miscellaneous	36,023	-	-	-
Capital outlay	(883,796)	-	189,648	-
Depreciation	763,271	-	-	-
Franchise Fee	497,631	-	-	-
General and administrative costs	188,237	-	-	-
Principal payment on debt	(53,690)	53,690	-	-
Total operating expense	<u>6,367,945</u>	<u>53,690</u>	<u>189,648</u>	<u>-</u>
Operating income	<u>2,705,361</u>	<u>(53,690)</u>	<u>(189,648)</u>	<u>-</u>
NONOPERATING REVENUE (EXPENSE)				
Investment income	64,341	18,287	208,704	16,829
Interest expense	-	(15,324)	-	-
Total nonoperating revenue (expense)	<u>64,341</u>	<u>2,963</u>	<u>208,704</u>	<u>16,829</u>
Income (loss) before contributions and transfers	2,769,702	(50,727)	19,056	16,829
Transfers in	10,240	58,395	800,000	175,000
Transfers out	(2,482,333)	-	-	-
Change in net assets	297,609	7,668	819,056	191,829
Net assets - beginning of the year	<u>9,586,046</u>	<u>394,942</u>	<u>400,742</u>	<u>1,642,008</u>
Net assets - end of the year	<u>\$ 9,883,655</u>	<u>\$ 402,610</u>	<u>\$ 1,219,798</u>	<u>\$ 1,833,837</u>

Interfund transfers in/out between the Operating fund, Debt Service fund, Capital Projects fund, Closure Liability fund, Equipment Acquisition fund, Landfill Replacement fund, and Liner Reserve fund (\$1,778,395) are eliminated on the Statement of Revenue, Expenses, and Change in Fund Net Assets, Nonmajor Enterprise Funds.

Equipment Acquisition	Landfill Replacement	Liner Reserve	Total Solid Waste
\$ -	\$ -	\$ -	\$ 8,761,304
-	-	-	305,907
-	-	-	6,095
-	-	-	9,073,306
-	-	-	1,446,319
-	-	-	392,847
-	-	-	3,981,103
-	-	-	36,023
694,148	-	-	-
-	-	-	763,271
-	-	-	497,631
-	-	-	188,237
-	-	-	-
694,148	-	-	7,305,431
(694,148)	-	-	1,767,875
9,515	21,076	6,004	344,756
-	-	-	(15,324)
9,515	21,076	6,004	329,432
(684,633)	21,076	6,004	2,097,307
600,000	95,000	50,000	1,788,635
-	-	-	(2,482,333)
(84,633)	116,076	56,004	1,403,609
767,870	2,146,620	612,212	15,550,440
\$ 683,237	\$ 2,262,696	\$ 668,216	\$ 16,954,049

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS
MUNICIPAL AIRPORT FUND
SEPTEMBER 30, 2006

ASSETS	Operating	Debt Service	Capital Projects	Grant	Total Municipal Airport
Current assets:					
Cash and cash equivalents	\$ 92,623	\$ 9,967	\$ 64,943	\$ -	\$ 167,533
Investments	199,373	-	859,740	-	1,059,113
Accounts receivable	20,094	-	-	-	20,094
Intergovernmental receivables	-	-	-	33,254	33,254
Interfund receivables*	33,254	-	-	-	33,254
Inventory and supplies	65,670	-	-	-	65,670
Current restricted assets:					
Cash and cash equivalents	-	103,725	-	-	103,725
Investments	46,445	-	-	-	46,445
Total current assets	457,459	113,692	924,683	33,254	1,529,088
Capital assets:					
Land	183,923	-	-	-	183,923
Buildings	2,359,228	-	-	-	2,359,228
Equipment	526,754	-	-	-	526,754
Infrastructure	5,253,877	-	-	-	5,253,877
Construction In Progress	2,073,968	-	-	-	2,073,968
Less: accumulated depreciation	(3,945,763)	-	-	-	(3,945,763)
Total capital assets	6,451,987	-	-	-	6,451,987
Total assets	6,909,446	113,692	924,683	33,254	7,981,075
LIABILITIES					
Current liabilities:					
Accounts payable	528	-	-	-	528
Accrued liabilities	214,173	-	62,284	-	276,457
Accrued compensated absences	12,140	-	-	-	12,140
Interfund payables*	-	-	-	33,254	33,254
Current liabilities payable from restricted assets:					
Accrued liabilities	-	13,725	-	-	13,725
Customer deposits	46,445	-	-	-	46,445
Current portion of long-term debt	90,000	-	-	-	90,000
Total current liabilities	363,286	13,725	62,284	33,254	472,549
Noncurrent liabilities:					
Accrued compensated absences	3,959	-	-	-	3,959
Long-term debt less the current portion	2,315,000	-	-	-	2,315,000
Total noncurrent liabilities	2,318,959	-	-	-	2,318,959
Total liabilities	2,682,245	13,725	62,284	33,254	2,791,508
NET ASSETS					
Investment in capital assets, net of related debt	4,046,987	-	-	-	4,046,987
Restricted for debt service	-	103,725	-	-	103,725
Unrestricted	180,214	(3,758)	862,399	-	1,038,855
Total net assets	\$ 4,227,201	\$ 99,967	\$ 862,399	\$ -	\$ 5,189,567

* Interfund receivable and liability between the Operating fund and Grant fund are eliminated in the Statement of Net Assets Nonmajor Enterprise Funds

**CITY OF GRAND PRAIRIE, TEXAS
MUNICIPAL AIRPORT FUND
AGGREGATING SCHEDULE OF REVENUE, EXPENSE AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	<u>Operating</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Grant</u>	<u>Total Municipal Airport</u>
OPERATING REVENUE					
Sales to customers	\$ 1,456,813	\$ -	\$ -	\$ -	\$ 1,456,813
Intergovernmental revenue	34,233	-	300,000	403,303	737,536
Miscellaneous	423	-	-	39,343	39,766
Total operating revenue	<u>1,491,469</u>	<u>-</u>	<u>300,000</u>	<u>442,646</u>	<u>2,234,115</u>
OPERATING EXPENSE					
Personal Services	298,317	-	-	-	298,317
Supplies	845,062	-	-	-	845,062
Purchased Services	88,001	-	-	424,154	512,155
Miscellaneous	-	-	-	-	-
Capital outlay	(1,522,343)	-	1,473,851	48,492	-
Depreciation	387,934	-	-	-	387,934
Total operating expense	<u>96,971</u>	<u>-</u>	<u>1,473,851</u>	<u>472,646</u>	<u>2,043,468</u>
Operating income (loss)	<u>1,394,498</u>	<u>-</u>	<u>(1,173,851)</u>	<u>(30,000)</u>	<u>190,647</u>
NONOPERATING REVENUE (EXPENSE)					
Investment income	10,017	2,525	22,942	-	35,484
Interest expense	-	(112,783)	-	-	(112,783)
Principal payment on bonds	85,000	(85,000)	-	-	-
Total nonoperating revenue (expense)	<u>95,017</u>	<u>(195,258)</u>	<u>22,942</u>	<u>-</u>	<u>(77,299)</u>
Income (loss) before transfers	<u>1,489,515</u>	<u>(195,258)</u>	<u>(1,150,909)</u>	<u>(30,000)</u>	<u>113,348</u>
Transfers in	-	202,861	156,481	30,000	389,342
Transfers out	(362,672)	-	(30,000)	-	(392,672)
Change in net assets	1,126,843	7,603	(1,024,428)	-	110,018
Net assets - beginning of the year	<u>3,100,358</u>	<u>92,364</u>	<u>1,886,827</u>	<u>-</u>	<u>5,079,549</u>
Net assets - end of the year	<u>\$ 4,227,201</u>	<u>\$ 99,967</u>	<u>\$ 862,399</u>	<u>\$ -</u>	<u>\$ 5,189,567</u>

Interfund transfers in/out between the Operating fund, Debt Service fund, Capital Projects fund, and Grant fund (\$389,342) are eliminated on the Statement of Revenue, Expenses, and Change in Fund Net Assets, Nonmajor Enterprise Funds.

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF NET ASSETS
 RISK MANAGEMENT FUND
 SEPTEMBER 30, 2006**

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total Risk Management</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 20,667	\$ 396,794	\$ 417,461
Investments	1,603,218	946,159	2,549,377
Current restricted assets:			
Cash and cash equivalents	-	226,000	226,000
Total current assets	<u>1,623,885</u>	<u>1,568,953</u>	<u>3,192,838</u>
Total assets	<u>1,623,885</u>	<u>1,568,953</u>	<u>3,192,838</u>
LIABILITIES			
Current liabilities:			
Accrued liabilities	1,387,939	1,601,973	2,989,912
Accrued compensated absences	1,233	1,037	2,270
Current liabilities payable from restricted assets:			
Accrued liabilities	-	226,000	226,000
Total current liabilities	<u>1,389,172</u>	<u>1,829,010</u>	<u>3,218,182</u>
Noncurrent liabilities:			
Accrued compensated absences	1,258	1,860	3,118
Total noncurrent liabilities	<u>1,258</u>	<u>1,860</u>	<u>3,118</u>
Total liabilities	<u>1,390,430</u>	<u>1,830,870</u>	<u>3,221,300</u>
NET ASSETS			
Unrestricted	<u>233,455</u>	<u>(261,917)</u>	<u>(28,462)</u>
Total net assets	<u>\$ 233,455</u>	<u>\$ (261,917)</u>	<u>\$ (28,462)</u>

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF REVENUE, EXPENSE, AND
 CHANGES IN FUND NET ASSETS
 RISK MANAGEMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2006**

	Risk Management	Employee Insurance	Total Risk Management
OPERATING REVENUE			
Insurance premiums	\$ 2,594,890	\$ 9,872,331	\$ 12,467,221
Miscellaneous	113,010	-	113,010
Total operating revenue	<u>2,707,900</u>	<u>9,872,331</u>	<u>12,580,231</u>
OPERATING EXPENSE			
Personal services	58,640	60,694	119,334
Supplies	406	1,936	2,342
Purchased services	123,435	48,009	171,444
Insurance claims	1,544,979	11,045,979	12,590,958
Total operating expense	<u>1,727,460</u>	<u>11,156,618</u>	<u>12,884,078</u>
Operating income (loss)	<u>980,440</u>	<u>(1,284,287)</u>	<u>(303,847)</u>
NONOPERATING REVENUE			
Investment income	51,119	36,190	87,309
Total nonoperating revenue	<u>51,119</u>	<u>36,190</u>	<u>87,309</u>
Income (loss) before transfers	<u>1,031,559</u>	<u>(1,248,097)</u>	<u>(216,538)</u>
Transfers in	-	1,017,493	1,017,493
Transfers out	<u>(1,058,812)</u>	<u>(62,303)</u>	<u>(1,121,115)</u>
Change in net assets	(27,253)	(292,907)	(320,160)
Net assets - beginning of the year	<u>260,708</u>	<u>30,990</u>	<u>291,698</u>
Net assets - end of the year	<u>\$ 233,455</u>	<u>\$ (261,917)</u>	<u>\$ (28,462)</u>

Interfund transfers in/out between the Risk Management fund and Employee Insurance fund (\$1,000,000) are eliminated on the Statement of Revenue, Expense, and Changes in Fund Net Assets, Proprietary Funds.



THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF GRAND PRAIRIE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2006
 STATISTICAL SECTION INDEX**

(Unaudited)

<u>Contents</u>	<u>Page</u>
Financial Trends	
<i>Net Assets by Component</i>	143
<i>Changes in Net Assets</i>	144
<i>Fund Balances, Governmental Funds</i>	146
<i>Change in Fund Balances, Governmental Funds</i>	148
Revenue Capacity	
<i>Assessed and Estimated Actual Values of Taxable Property</i>	150
<i>Direct and Overlapping Property Tax Rates</i>	152
<i>Principal Property Tax Payers</i>	154
<i>Property Tax Levies and Collections</i>	155
Debt Capacity	
<i>Ratios of Outstanding Debt by Type</i>	156
<i>Ratios of General Bonded Debt Outstanding</i>	158
<i>Direct and Overlapping Governmental Activities of Debt</i>	159
<i>Legal Debt Margin Information</i>	160
<i>Pledged Revenue Coverage</i>	162
Demographic and Economic Information	
<i>Demographic and Economic Statistics</i>	164
<i>Principal Employers</i>	165
<i>Full-time-equivalent City Government Employees by Function/Program</i>	166
Operating Information	
<i>Capital Assets Statistics by Function/Program</i>	167
<i>Water and Wastewater Contracts</i>	
<i>Components of Payments Made Under Selected Contracts</i>	168



THIS PAGE IS INTENTIONALLY LEFT BLANK

**CITY OF GRAND PRAIRIE
NET ASSETS BY COMPONENT (Unaudited)
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
GOVERNMENTAL ACTIVITIES					
Invested in capital assets net of related debt	\$ 121,332,136	\$ 148,513,124	\$ 174,584,254	\$ 237,535,813	\$ 255,230,188
Restricted	5,042,851	5,475,006	3,167,064	1,768,257	3,034,411
Unrestricted	45,841,403	51,355,387	65,238,004	41,171,528	52,044,716
Total governmental activities net assets	<u>\$ 172,216,390</u>	<u>\$ 205,343,517</u>	<u>\$ 242,989,322</u>	<u>\$ 280,475,598</u>	<u>\$ 310,309,315</u>
BUSINESS-TYPE ACTIVITIES					
Invested in capital assets net of related debt	\$ 119,326,515	\$ 112,136,902	\$ 110,683,391	\$ 130,998,728	\$ 133,275,493
Restricted	3,953,911	3,953,911	3,548,426	3,699,150	3,671,913
Unrestricted	10,834,075	27,853,395	40,273,290	30,147,871	37,114,582
Total business-type activities net assets	<u>\$ 134,114,501</u>	<u>\$ 143,944,208</u>	<u>\$ 154,505,107</u>	<u>\$ 164,845,749</u>	<u>\$ 174,061,988</u>
PRIMARY GOVERNMENT					
Invested in capital assets net of related debt	\$ 240,658,651	\$ 260,650,026	\$ 285,267,645	\$ 368,534,541	\$ 388,505,681
Restricted	8,996,762	9,428,917	6,715,490	5,467,407	6,706,324
Unrestricted	56,675,478	79,208,782	105,511,294	71,319,399	89,159,298
Total primary government net assets	<u>\$ 306,330,891</u>	<u>\$ 349,287,725</u>	<u>\$ 397,494,429</u>	<u>\$ 445,321,347</u>	<u>\$ 484,371,303</u>

The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

**CITY OF GRAND PRAIRIE
CHANGES IN NET ASSETS (Unaudited)
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
EXPENSES					
Governmental activities:					
Support services	\$ 20,991,474	\$ 12,898,644	\$ 13,014,368	\$ 13,933,988	\$ 16,056,516
Public safety services	37,944,230	50,916,655	49,831,335	53,811,047	57,826,788
Recreation and leisure services	9,303,477	10,741,472	13,276,399	14,491,018	15,606,279
Development services and other	34,779,148	37,605,023	39,071,130	40,009,351	50,642,965
Interest on long-term debt	5,387,551	5,754,130	6,305,446	7,482,003	7,679,557
Total governmental activities expenses	<u>108,405,880</u>	<u>117,915,924</u>	<u>121,498,678</u>	<u>129,727,407</u>	<u>147,812,105</u>
Business-type activities:					
Water and wastewater	\$ 26,245,172	\$ 30,016,378	\$ 31,405,404	\$ 36,537,343	\$ 39,746,718
Municipal golf course	3,178,483	3,197,612	3,234,336	3,451,846	3,390,562
Solid Waste	6,813,103	5,499,602	7,326,711	6,422,295	7,320,755
Municipal airport	1,610,437	1,621,636	1,739,208	6,422,295	2,156,251
Storm water	395,860	801,473	673,302	1,833,787	829,867
Total business-type activities expenses	<u>38,243,055</u>	<u>41,136,701</u>	<u>44,378,961</u>	<u>54,667,566</u>	<u>53,444,153</u>
Total primary government expenses	<u>\$146,648,935</u>	<u>\$159,052,625</u>	<u>\$165,877,639</u>	<u>\$184,394,973</u>	<u>\$201,256,258</u>
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
Support services	\$ 4,340,965	\$ 3,413,628	\$ 5,365,705	\$ 6,462,531	\$ 9,856,362
Public safety services	7,563,754	7,331,038	8,040,487	8,567,505	8,982,681
Recreation and leisure services	3,155,122	2,775,590	2,505,920	2,947,751	3,502,325
Development services and other	1,976,957	2,426,826	4,091,489	3,826,062	6,108,583
Operating grants and contributions	19,437,597	25,635,211	27,628,031	28,456,869	33,141,279
Capital grants and contributions	2,528,385	3,140,512	26,900,978	25,867,397	8,409,834
Total governmental activities program revenues	<u>39,002,780</u>	<u>44,722,805</u>	<u>74,532,610</u>	<u>76,128,115</u>	<u>70,001,064</u>
Business-type activities:					
Charges for services:					
Water and wastewater	\$ 30,761,023	\$ 32,970,209	\$ 31,377,178	\$ 34,084,321	\$ 42,564,693
Municipal golf course	2,689,782	2,406,774	2,053,784	2,397,915	2,587,757
Solid waste	8,040,556	6,934,548	7,544,969	8,061,725	8,767,399
Municipal airport	1,079,182	1,219,517	1,314,710	1,654,152	1,496,579
Storm water	1,447,147	1,786,048	1,870,778	1,917,720	2,470,183
Operating grants and contributions	301,378	335,737	2,140,958	386,900	737,536
Capital grants and contributions	386,078	2,287,819	10,169,562	10,979,777	4,172,710
Total business-type activities program revenues	<u>44,705,146</u>	<u>47,940,652</u>	<u>56,471,939</u>	<u>59,482,510</u>	<u>62,796,857</u>
Total primary government program revenues	<u>\$ 83,707,926</u>	<u>\$ 92,663,457</u>	<u>\$131,004,549</u>	<u>\$135,610,625</u>	<u>\$132,797,921</u>

(continued)

The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

**CITY OF GRAND PRAIRIE
CHANGES IN NET ASSETS (Unaudited)
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
NET (EXPENSES)/REVENUE					
Governmental activities	\$(69,403,100)	\$(73,193,119)	\$(46,966,068)	\$(53,599,292)	\$(77,811,041)
Business-type activities	6,462,091	6,803,951	12,092,978	10,402,908	9,352,704
Total primary government net expense	<u>\$(62,941,009)</u>	<u>\$(66,389,168)</u>	<u>\$(34,873,090)</u>	<u>\$(43,196,384)</u>	<u>\$(68,458,337)</u>
GENERAL REVENUES AND OTHER					
CHANGES IN NET ASSETS					
Governmental activities:					
Taxes					
Property taxes	\$ 41,553,955	\$ 43,194,279	\$ 46,952,102	\$ 50,217,892	\$ 54,462,317
Sales taxes	21,203,525	22,560,923	23,970,012	24,833,472	29,289,416
Hotel/motel tax and other taxes	1,596,337	1,316,910	1,054,409	1,803,169	1,299,365
Franchise fees	7,972,998	9,400,450	6,294,469	9,870,488	15,658,628
Investment income	3,666,447	1,328,820	1,804,705	2,820,035	4,735,009
Miscellaneous	3,707,524	1,605,576	2,811,908	3,014,011	71,784
Contributions not related to a specific program	24,477,021	23,973,681	-	-	-
Transfers	8,317,016	2,962,060	1,724,267	350,310	2,128,239
Total government activities	<u>112,494,823</u>	<u>106,342,699</u>	<u>84,611,872</u>	<u>92,909,377</u>	<u>107,644,758</u>
Business-type activities:					
Franchise fees	\$ -	\$ -	\$ -	\$ -	\$ 305,907
Investment income	1,331,174	1,231,038	192,188	288,044	1,685,867
Miscellaneous	79,018	-	-	-	-
Contributions not related to a specific program	6,485,360	4,756,779	-	-	-
Transfers	(6,817,016)	(2,962,060)	(1,724,267)	(350,310)	(2,128,239)
Total business-type activities	<u>1,078,536</u>	<u>3,025,757</u>	<u>(1,532,079)</u>	<u>(62,266)</u>	<u>(136,465)</u>
Total primary government	<u>\$113,573,359</u>	<u>\$109,368,456</u>	<u>\$ 83,079,793</u>	<u>\$ 92,847,111</u>	<u>\$107,508,293</u>
CHANGE IN NET ASSETS					
Governmental activities	\$ 43,091,723	\$ 33,149,580	\$ 37,645,805	\$ 39,310,085	\$ 29,833,717
Business-type activities	7,540,627	9,829,708	10,560,899	10,340,642	9,216,239
Total primary government	<u>\$ 50,632,350</u>	<u>\$ 42,979,288</u>	<u>\$ 48,206,704</u>	<u>\$ 49,650,727</u>	<u>\$ 39,049,956</u>

(concluded)

CITY OF GRAND PRAIRIE
FUND BALANCES
GOVERNMENTAL FUNDS (Unaudited)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
GENERAL FUND					
Reserved	\$ 488,921	\$ 800,488	\$ 803,079	\$ 579,831	\$ 302,996
Unreserved	12,521,912	15,010,271	14,143,382	14,584,676	15,278,877
Total general fund	<u>\$13,010,833</u>	<u>\$ 15,810,759</u>	<u>\$ 14,946,461</u>	<u>\$ 15,164,507</u>	<u>\$ 15,581,873</u>
ALL OTHER GOVERNMENTAL FUNDS					
Reserved	\$ 4,895,610	\$ 6,375,738	\$ 5,974,275	\$ 9,110,022	\$ 27,746,778
Unreserved, reported in:					
Special revenue funds	1,221,547	1,431,591	1,606,741	7,680,800	14,388,561
Capital projects funds	7,274,290	7,989,367	21,044,248	21,620,470	17,812,263
Total all other governmental funds	<u>\$13,391,447</u>	<u>\$ 15,796,696</u>	<u>\$ 28,625,264</u>	<u>\$ 38,411,292</u>	<u>\$ 59,947,602</u>

(continued)

Fiscal Year

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 436,845	\$ 360,916	\$ 836,805	\$ 1,245,756	\$ 1,202,824
15,463,442	15,667,085	18,301,467	16,467,282	23,797,074
<u>\$ 15,900,287</u>	<u>\$ 16,028,001</u>	<u>\$ 19,138,272</u>	<u>\$ 17,713,038</u>	<u>\$ 24,999,898</u>
\$ 25,660,997	\$ 30,102,504	\$ 11,156,665	\$ 21,832,554	\$ 20,495,695
13,084,153	16,588,446	32,888,043	29,473,920	23,834,504
37,584,468	24,209,669	30,843,788	14,339,856	17,522,013
<u>\$ 76,329,618</u>	<u>\$ 70,900,619</u>	<u>\$ 74,888,496</u>	<u>\$ 65,646,330</u>	<u>\$ 61,852,212</u>

(concluded)

**CITY OF GRAND PRAIRIE
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS (Unaudited)
LAST TEN FISCAL YEARS**

	Fiscal Year				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
REVENUE					
Taxes	\$ 40,607,619	\$ 44,578,389	\$ 47,859,677	\$ 53,342,991	\$ 58,647,973
Licenses, fees, and permits	8,706,296	9,228,245	9,809,807	9,888,653	10,251,428
Fines and penalties	2,442,084	2,810,629	3,158,246	3,223,742	3,741,634
Charges for services	2,042,207	2,528,115	2,480,327	2,611,006	3,591,063
Special assessments	-	-	-	-	-
Intergovernmental	9,515,073	9,861,001	10,685,707	11,947,950	14,689,886
Investment income	1,556,270	2,169,494	1,640,409	2,951,193	4,288,072
Other revenues	2,939,614	3,131,525	2,649,447	3,385,903	3,416,977
Total revenues	67,809,163	74,307,398	78,283,620	87,351,438	98,627,033
EXPENDITURES					
Current Operations:					
Support services	6,544,635	6,688,932	8,158,823	8,568,829	8,835,077
Public safety services	26,571,989	27,241,706	30,716,976	34,833,262	37,745,355
Recreation and leisure services	5,013,719	5,058,065	5,481,809	5,656,485	6,549,849
Development services and other	16,245,030	16,836,407	17,669,229	19,589,061	22,573,437
Capital Outlay	6,496,337	10,308,490	15,913,803	24,119,457	23,946,525
Debt service:					
Principal retirement	5,831,370	5,988,327	5,696,580	7,291,072	8,138,784
Interest	2,791,069	3,148,483	3,216,859	3,306,518	4,226,636
Total expenditures	69,494,149	75,270,410	86,854,079	103,364,684	112,015,663
Excess of revenues over (under) expenditures	(1,684,986)	(963,012)	(8,570,459)	(16,013,246)	(13,388,630)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,404,010	5,475,267	7,763,421	13,700,793	17,002,611
Transfers out	(1,969,174)	(3,469,650)	(5,415,010)	(8,653,776)	(12,081,428)
Sale of capital assets	-	-	-	-	-
Premium (discount) on debt issued	-	-	-	-	-
Bonds issued	2,425,000	2,710,000	10,400,000	4,435,000	5,000,000
Refunding bonds issued	-	-	-	-	-
Payment for refunded debt	-	-	-	-	-
Other sources (uses)	3,368,592	1,515,000	7,786,318	16,535,303	25,421,123
Total other financing sources (uses)	6,228,428	6,230,617	20,534,729	26,017,320	35,342,306
Net change in fund balance	\$ 4,543,442	\$ 5,267,605	\$ 11,964,270	\$ 10,004,074	\$ 21,953,676
Debt service as a percentage of noncapital expenditures	15.9%	16.4%	14.4%	15.4%	16.3%

(continued)

Fiscal Year				
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 63,671,664	\$ 68,044,675	\$ 72,588,819	\$ 76,112,349	\$ 85,051,098
10,088,745	10,903,573	12,396,830	12,650,409	18,962,716
4,443,912	4,469,958	5,059,013	5,462,053	5,537,867
5,894,731	6,370,072	6,739,443	7,209,753	7,537,479
-	-	642,734	742,184	980,999
19,530,698	27,139,404	27,302,184	25,146,652	31,315,423
3,413,448	1,357,707	1,766,526	2,805,479	4,620,911
9,068,303	5,332,343	6,884,470	14,506,025	9,195,418
<u>116,111,501</u>	<u>123,617,732</u>	<u>133,380,019</u>	<u>144,634,904</u>	<u>163,201,911</u>
10,366,935	10,659,348	10,780,154	11,346,466	12,855,349
40,249,161	43,792,760	43,621,824	46,304,166	49,046,924
9,063,565	9,439,447	11,617,974	12,457,293	13,194,080
29,138,777	32,024,258	33,628,488	33,607,969	40,658,989
55,333,121	38,664,168	40,099,574	41,489,772	43,035,692
8,565,663	8,756,308	10,403,516	10,998,736	9,079,928
5,271,595	5,728,431	6,215,621	8,123,692	7,353,210
<u>157,988,817</u>	<u>149,064,720</u>	<u>156,367,151</u>	<u>164,328,094</u>	<u>175,224,172</u>
<u>(41,877,316)</u>	<u>(25,446,988)</u>	<u>(22,987,132)</u>	<u>(19,693,190)</u>	<u>(12,022,261)</u>
44,935,245	29,491,511	22,343,056	21,490,429	21,651,931
(34,971,010)	(26,972,478)	(20,434,112)	(21,037,549)	(19,402,662)
357,569	9,011,672	361,067	47,967	71,784
-	-	-	(96,248)	27,700
-	18,260,000	27,812,500	9,285,000	13,166,250
-	-	1,955,000	17,540,000	-
-	(9,645,000)	(1,952,232)	(16,380,000)	-
<u>45,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>55,621,804</u>	<u>20,145,705</u>	<u>30,085,279</u>	<u>10,849,599</u>	<u>15,515,003</u>
<u>\$ 13,744,488</u>	<u>\$ (5,301,283)</u>	<u>\$ 7,098,147</u>	<u>\$ (8,843,591)</u>	<u>\$ 3,492,742</u>
15.6%	15.1%	16.7%	18.4%	14.2%

(concluded)

**CITY OF GRAND PRAIRIE
 ASSESSED AND ESTIMATED ACTUAL
 VALUES OF TAXABLE PROPERTY (Unaudited)
 LAST TEN FISCAL YEARS**

Fiscal Year	Residential Property	Commercial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
1997	\$1,928,701,152	\$2,605,716,467	\$ 526,938,914	\$4,007,478,705	0.695599	\$4,007,478,705	100.0%
1998	1,958,227,426	3,058,941,599	600,593,146	4,416,575,879	0.679998	4,416,575,879	100.0%
1999	2,080,427,937	3,363,366,506	638,247,507	4,805,546,936	0.679998	4,805,547,636	100.0%
2000	2,203,704,922	3,643,452,792	695,812,138	5,151,345,576	0.674998	5,151,345,576	100.0%
2001	2,488,966,095	3,845,366,055	709,946,637	5,624,385,513	0.669998	5,624,385,513	100.0%
2002	3,042,298,390	3,807,725,309	709,946,637	6,140,077,062	0.669998	6,140,929,228	100.0%
2003	3,365,348,440	4,118,990,011	861,464,334	6,622,874,117	0.669998	6,622,874,117	100.0%
2004	3,719,467,190	3,974,213,570	896,269,064	6,797,411,696	0.669998	6,797,411,696	100.0%
2005	4,031,666,200	4,092,614,293	1,024,567,945	7,099,712,548	0.669998	7,099,712,548	100.0%
2006	4,361,834,090	4,320,530,688	1,105,005,542	7,577,359,236	0.669998	7,577,359,236	100.0%

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.



THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF GRAND PRAIRIE
DIRECT AND OVERLAPPING PROPERTY TAX RATES (Unaudited)
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)

	FISCAL YEAR						
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
OVERLAPPING RATES							
City of Grand Prairie	0.695599	0.679998	0.679998	0.674998	0.669998	0.669998	0.669998
Grand Prairie School District	1.467800	1.507800	1.507700	1.608100	1.667100	1.667100	1.727100
Arlington School District	1.349600	1.496200	1.593500	1.624400	1.654400	1.740500	1.735000
Cedar Hill School District	1.750000	1.750000	1.779000	1.600000	1.630000	1.680000	1.701600
Irving School District	1.663400	1.678400	1.678400	1.695000	1.695000	1.770600	1.815000
Mansfield School District	1.590000	1.722000	1.712000	1.687000	1.671400	1.682000	1.682000
Midlothian School District	1.700000	1.640000	1.659900	1.709701	1.720000	1.720000	1.720000
Dallas County	0.216400	0.197200	0.201000	0.196000	0.196000	0.196000	0.203900
Dallas County Community College District	0.052060	0.050000	0.050000	0.050000	0.060000	0.060000	0.778000
Dallas County Hospital District	0.194090	0.179900	0.196000	0.254000	0.254000	0.254000	0.254000
Dallas County Flood Control District	1.963400	1.963400	1.918800	2.874876	3.284940	3.284940	2.080000
Grand Prairie Met Utl & Reclam Dist.	N/A	0.600000	2.080000	1.520000	3.130000	3.710000	3.870000
Ellis County	0.299800	1.640000	0.253100	0.365194	0.302018	0.310170	0.310200
Johnson County	0.441600	0.441900	0.337500	0.341310	0.447350	0.455000	0.357300
Tarrant County	0.264800	0.264800	0.264800	0.274785	0.274785	0.272500	0.272500
Tarrant County Hospital District	0.234100	0.234100	0.234100	0.234070	0.234070	0.232400	0.235400
Tarrant County Junior College District	0.057700	0.106400	0.106400	0.106410	0.106410	0.139380	0.139400
CITY DIRECT RATES							
Operations & Maintenance	0.483831	0.472620	0.481514	0.479381	0.474381	0.474711	0.474711
Interest & Sinking	0.211768	0.207378	0.198484	0.195617	0.195617	0.195287	0.195287
Total Direct Rates	0.695599	0.679998	0.679998	0.674998	0.669998	0.669998	0.669998

(continued)

Source of Information: Dallas Central Appraisal District, Tarrant Appraisal District,
 Johnson County Tax Office, Ellis County Appraisal District.

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

FISCAL YEAR

<u>2004</u>	<u>2005</u>	<u>2006</u>
0.669998	0.669998	0.669998
1.751100	1.758600	1.629700
1.755000	1.745460	1.610000
1.741300	1.848430	1.743300
1.837000	1.814000	1.644000
1.717000	1.772000	1.687500
1.764500	1.787500	1.697500
0.203900	0.213900	0.213900
0.080300	0.081600	0.081000
0.254000	0.254000	0.254000
2.060000	2.060000	2.060000
2.450000	2.550000	2.050000
0.315993	0.273090	0.349500
0.382088	0.382088	0.369004
0.272500	0.272500	0.271500
0.235397	0.235397	0.235397
0.139380	0.139380	0.139380
0.474711	0.474711	0.474711
0.195287	0.195287	0.195287
0.669998	0.669998	0.669998

(concluded)

**CITY OF GRAND PRAIRIE
 PRINCIPAL PROPERTY TAX PAYERS (Unaudited)
 CURRENT YEAR AND NINE YEARS AGO**

<u>Taxpayer</u>	<u>2006</u>			<u>1997</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Allegiance Healthcare	\$ -			\$ 37,183,220	4	0.84%
Amerisource Corp.	-			32,398,470	7	0.73%
Bell Helicopter	78,797,670	2	0.95%	104,167,160	2	2.36%
Catellus Dev/Comm Group LLC	42,797,384	6	0.52%	-		
CP Regency Business Park	-			21,618,950	9	0.49%
Hanson Pipe & Products	28,293,260	10	0.34%	-		
Lockheed Martin	104,696,099	1	1.26%	22,749,790	8	0.52%
Northrop Grumman	-			176,695,560	1	4.00%
Office Depot	-			32,454,580	6	0.73%
One P & P Corporation	-			21,050,000	10	0.48%
Prologis	42,526,198	7	0.51%	-		
Republic Beverage	45,561,150	5	0.55%	-		
Southwestern Bell/Cingular	48,384,800	4	0.58%	55,195,320	3	1.25%
Texas Utilities Electric Co.	63,566,910	3	0.77%	34,197,730	5	0.77%
Towns of Riverside Apt LP	28,400,000	9	0.34%	-		
Walmart Stores	32,108,950	8	0.39%	-		
Total	\$ 515,132,421		6.22%	\$ 537,710,780		12.17%

Source of Information: City of Grand Prairie Department of Economic Development

**CITY OF GRAND PRAIRIE
PROPERTY TAX LEVIES AND COLLECTIONS (Unaudited)
LAST TEN FISCAL YEARS**

Fiscal Year Ended 9/30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	96.96%	556,050	46,639,078	98.13%
2006	50,768,155	48,635,892	95.80%	1,167,668	49,803,560	98.10%

Above amounts exclude property tax revenue.

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

**CITY OF GRAND PRAIRIE
RATIOS OF OUTSTANDING DEBT BY TYPE (Unaudited)
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities		
	General Obligation Bonds	Sales Tax Revenue Bonds	Certificates of Obligation	Water Revenue Bonds	General Obligation Bonds	Certificates of Obligation
1997	\$ 53,558,686	\$ -	\$ 4,300,000	\$ 31,088,568	\$ 3,163,850	\$ 6,353,839
1998	50,972,386	-	5,495,000	28,462,624	2,791,737	6,055,000
1999	56,852,028	-	12,150,000	28,490,000	2,469,053	8,385,000
2000	56,908,146	8,870,000	17,725,000	25,615,000	3,040,426	6,990,000
2001	55,766,853	28,280,000	22,140,000	22,780,610	2,485,597	6,650,000
2002	65,806,621	32,735,000	44,770,000	25,770,000	2,827,847	5,760,000
2003	67,197,982	32,045,000	53,750,000	25,965,000	2,376,929	5,665,000
2004	69,613,825	31,325,000	69,758,000	32,759,612	5,500,185	6,192,000
2005	73,234,687	31,285,000	65,728,928	46,116,347	4,998,030	6,021,072
2006	71,436,114	30,430,000	72,251,106	48,300,000	4,758,886	5,958,894

(continued)

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) Household Effective Buying Income used until 2005.
FY 2006 average household income figure provided by City of Grand Prairie
Department of Economic Development

Total Primary Government	Percentage of Average Household Income¹	Per Capita
98,464,943	0.04%	\$ 881
93,776,747	0.05%	825
108,346,081	0.04%	941
119,148,572	0.04%	935
138,103,060	0.04%	1,046
177,669,468	0.03%	1,321
186,999,911	0.02%	1,356
215,148,622	0.02%	1,521
227,384,064	0.02%	1,562
233,135,000	0.03%	1,494

(concluded)

CITY OF GRAND PRAIRIE
RATIOS OF GENERAL BONDED DEBT OUTSTANDING (Unaudited)
LAST TEN YEARS

Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Certificates of Obligation	Total		
1997	\$ 53,558,686	\$ 4,300,000	\$ 57,858,686	1.44%	\$ 517
1998	50,972,386	5,495,000	56,467,386	1.28%	497
1999	56,852,028	12,150,000	69,002,028	1.44%	599
2000	56,908,146	17,725,000	74,633,146	1.45%	586
2001	55,766,853	22,140,000	77,906,853	1.39%	590
2002	65,806,621	44,770,000	110,576,621	1.80%	822
2003	67,197,982	53,750,000	120,947,982	1.83%	877
2004	69,613,825	51,850,000	121,463,825	1.79%	859
2005	73,234,687	65,728,928	138,963,615	1.96%	954
2006	71,436,114	72,251,106	143,687,220	1.90%	921

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

**CITY OF GRAND PRAIRIE
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES OF DEBT (Unaudited)
As of September 30, 2006**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Dallas County	\$110,063,073	2.52%	\$ 2,773,589
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%	6,631,488
Dallas County Flood Control District#1	31,500,100	10.60%	3,339,011
Grand Prairie Metropolitan URD	10,429,602	100.00%	10,429,602
Arlington ISD	482,246,178	15.54%	74,941,056
Cedar Hill ISD	126,567,632	0.33%	417,673
Grand Prairie ISD	272,561,792	93.65%	255,254,118
Irving ISD	389,529,525	0.51%	1,986,601
Mansfield ISD	482,684,178	0.03%	144,805
Midlothian ISD	172,160,812	0.26%	447,618
Dallas County CCD	106,935,000	2.52%	2,694,762
Tarrant County Hospital District	30,330,000	3.97%	1,204,101
Tarrant County Jr. College District	65,980,000	3.97%	2,619,406
Subtotal, overlapping debt			362,900,925
City direct debt	124,981,114	100.00%	124,981,114
Total direct and overlapping debt			<u>\$ 487,882,039</u>

Source of Information: First Southwest Company
City of Grand Prairie Finance Department

**CITY OF GRAND PRAIRIE
 LEGAL DEBT MARGIN INFORMATION (Unaudited)
 LAST TEN FISCAL YEARS**

	Fiscal Year				
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Debt limit	\$100,186,968	\$110,414,397	\$120,138,691	\$128,783,639	\$140,609,638
Total net debt applicable to limit	<u>56,640,406</u>	<u>55,758,933</u>	<u>68,398,265</u>	<u>73,476,493</u>	<u>76,626,068</u>
Legal debt margin	<u>\$ 43,546,562</u>	<u>\$ 54,655,464</u>	<u>\$ 51,740,426</u>	<u>\$ 55,307,146</u>	<u>\$ 63,983,570</u>
Total net debt applicable to the limit as a percentage of debt limit	56.53%	50.50%	56.93%	57.05%	54.50%

(continued)

Details regarding the city's debt limit can be found in the notes to the financial statements.

Fiscal Year				
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$153,523,231	\$165,571,853	\$ 169,935,292	\$ 177,492,814	\$ 189,433,981
84,833,770	89,502,976	118,296,761	119,206,430	118,410,646
<u>\$ 68,689,461</u>	<u>\$ 76,068,877</u>	<u>\$ 51,638,531</u>	<u>\$ 58,286,384</u>	<u>\$ 71,023,335</u>
55.26%	54.06%	69.61%	67.16%	62.51%

(concluded)

Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$7,577,359,236
Debt limit (2.5% of assessed value)	189,433,981
Debt applicable to limit:	
General obligation bonds	124,981,114
Less: Amount set aside for repayment of general obligation debt	<u>(6,570,468)</u>
Total net debt applicable to limit	<u>118,410,646</u>
Legal debt margin	<u>\$ 71,023,335</u>

**CITY OF GRAND PRAIRIE
 PLEDGED REVENUE COVERAGE (Unaudited)
 LAST TEN FISCAL YEARS**

Fiscal Year	Water Revenue Bonds					
	Utility Service Charges ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service		Coverage ⁴
				Principal	Interest	
1997	\$ 27,304,484	\$ 18,438,057	\$ 8,866,327	\$ 2,845,850	\$ 1,546,267	2.02
1998	30,340,371	18,953,868	11,386,503	2,985,278	1,405,858	2.59
1999	30,932,103	19,523,937	11,408,166	2,973,286	1,402,830	2.61
2000	33,453,515	20,397,571	13,055,944	2,758,226	1,311,421	3.21
2001	34,224,480	21,124,415	13,100,065	3,299,666	1,252,427	2.88
2002 (3)	31,950,014	19,738,275	12,166,739	3,789,539	1,116,228	2.48
2003	34,561,157	21,804,379	12,756,778	2,862,022	1,075,100	3.24
2004	34,493,334	23,310,775	11,182,559	2,937,217	894,036	2.92
2005	35,760,835	26,859,732	8,901,103	2,609,596	1,462,684	2.19
2006	45,853,437	30,419,541	15,433,896	2,540,000	1,718,216	3.62

(continued)

- (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.
- (5) The City's initial Park Venue Sales Tax Revenue Bonds were issued in fiscal year 2000.
- (6) Bond covenants require a coverage of no less than 1.25. The City
 financial policies require a coverage of no less than 1.50.

Sales Tax Revenue Bonds ⁵

Sales Tax Increment	Maximum Annual Debt Service ⁶	Coverage
\$ -	\$ -	-
-	-	-
-	-	-
1,920,188	670,119	2.87
3,945,644	2,053,888	1.92
3,846,684	2,399,263	1.6
3,760,154	2,399,263	1.57
3,995,002	2,399,263	1.67
4,151,075	2,370,800	1.75
4,906,292	2,370,800	2.07

(concluded)

**CITY OF GRAND PRAIRE
 DEMOGRAPHIC AND ECONOMIC STATISTICS (Unaudited)
 LAST TEN FISCAL YEARS**

Calendar Year	Population	Average Household Income¹ (thousands of dollars)	Median Age	School Enrollment	Unemployment Rate
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	31	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	31	23,733	5.4%
2006	156,050	62,974	32.5	24,396	5.1%

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

(1) Household Effective Buying Income used until 2005.
 FY 2006 average household income figure provided by City of Grand Prairie
 Department of Economic Development

* Not available.

**CITY OF GRAND PRAIRIE
 PRINCIPAL EMPLOYERS (Unaudited)
 CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2006</u>			<u>1997</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Grand Prairie Independent School District	2,900	1	3.33%	—		—
Lockheed Martin Missles and Fire Control	2,700	2	3.10%	2,900	1	N/A
Lone Star Park at Grand Prairie	1,400	3	1.61%	1,500	2	N/A
Poly-America Inc.	1,350	4	1.55%	900	5	N/A
City of Grand Prairie	1,200	5	1.26%	—		—
Bell Helicopter-Textron	1,100	6	1.25%	1,100	4	N/A
Siemens Energy & Automation Inc.	600	7	0.69%	500	10	N/A
Vought Aircraft Industries	500	8	0.61%	—		—
Hanson Pipe & Products Inc.	500	9	0.59%	—		—
Repubic Beverage Company	500	10	0.57%	—		—
Northrop Grumman	—		—	1,200	3	N/A
Southwest Airlines	—		—	750	6	N/A
Trinity Contractors, Isnc.	—		—	650	7	N/A
Gifford-Hill American, Inc.	—		—	625	8	N/A
D-FW Medical Center	—		—	620	9	N/A
Total	<u>12,750</u>		<u>14.55%</u>	<u>10,745</u>		<u>N/A</u>

Source of Information: North Central Texas Council of Governments

**CITY OF GRAND PRAIRIE
 FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

Function/Program	Full-time-Equivalent Employees as of September 30									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Government and Administration										
City Manager's Office	6	6	8	8	8	6	8	8	8	8
Budget and Research	-	4	4	4	4	4	4	4	3	3
Management Services	7	3	4	4	4	4	4	4	3	3
Marketing	3	3	3	4	4	4	4	4	4	4
Economic Development	3	3	3	4	5	3	3	3	3	-
Legal Services	5	5	6	6	6	6	4	4	4	4
Municipal Court	24	26	29	28	26	26	26	26	27	28
Judiciary	-	-	-	-	2	3	3	3	3	4
Human Resources	8	8	9	10	10	10	10	10	9	9
Finance	23	26	26	27	17	17	17	17	17	17
Information Technology	11	13	16	16	20	24	24	24	23	26
Planning and Development	18	19	21	39	39	37	37	61	61	61
Housing and Neighborhood	12	13	13	4	6	6	6	5	5	5
Public Works	70	74	79	81	25	24	24	67	66	66
Transportation	20	20	21	22	77	75	75	8	8	8
Fire	141	141	145	188	189	189	189	189	194	198
Police	252	263	275	284	294	281	284	287	296	302
Building and Construction Management	-	-	-	-	12	11	11	1	1	1
Environmental Services	13	15	17	19	19	18	18	18	18	18
Library	18	18	19	21	29	28	28	28	28	31
Parks and Recreation	62	66	73	75	83	103	106	120	116	121
Grants	38	38	37	38	38	51	52	64	50	43
Enterprise Operations and Administrations										
Water/Wastewater	82	83	83	84	86	88	91	92	92	94
Solid Waste	17	17	19	20	20	21	25	25	25	28
Airport	5	5	5	5	5	5	5	5	5	5
Golf	20	20	22	25	25	25	25	25	20	20
Storm Water	1	-	-	-	-	-	-	-	-	2
Internal Service Operations										
Equipment Services	17	16	16	16	17	17	17	17	17	17
Risk Management	2	2	3	2	2	2	2	2	2	2
Total	878	907	956	1,034	1,072	1,088	1,102	1,121	1,108	1,128

Source of Information: City Budget Office.

A full-time employee is scheduled to work 2,088 hours per year (including vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,088.

**CITY OF GRAND PRAIRIE
CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM (Unaudited)
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Police										
Stations	1	1	1	1	1	1	1	2	2	2
Public safety training complex	-	-	-	-	-	1	1	1	1	1
Storefronts	4	4	4	5	3	3	3	3	3	3
Fire stations	8	8	8	8	9	9	9	9	9	9
Other public works										
Streets (miles)	450.0	450.0	450.0	485.2	485.2	485.2	485.2	504.0	555.0	589.0
Acreage	1,645	1,645	1,642	1,642	4,731	4,912	4,912	4,984	4,984	4,985
Public parks	42	42	41	41	47	52	52	53	53	54
Baseball/softball diamonds	26	26	25	25	24	24	24	24	24	24
Soccer/football fields	20	20	20	20	20	21	21	18	18	18
Community/recreations centers	4	4	4	4	4	4	4	5	5	5
Public golf courses	2	2	2	2	2	2	2	2	2	2
Public swimming pools	4	4	4	4	3	4	4	5	5	5
Libraries	1	1	1	1	2	2	2	2	3	3
Cemeteries	-	-	-	-	-	-	-	1	1	1
Water										
Water connections	N/A	44,539	46,857	47,907	48,919	50,739	51,839	53,178	55,375	58,286
Daily consumption (millions of gallons)	18.1	18.1	20.7	19.4	19.2	19.3	20.4	21.0	25.1	27.0
Wastewater										
Daily flow (millions of gallons)	14.4	14.6	15.3	16.1	14.3	14.3	13.6	18.9	17.1	15.4
Airports	1	1	1	1	1	1	1	1	1	1
Transit—minibuses	11	11	11	11	11	11	11	11	11	12

Source of Information: Budget Department.

**CITY OF GRAND PRAIRIE
WATER AND WASTEWATER CONTRACTS
COMPONENTS OF PAYMENTS MADE UNDER SELECTED CONTRACTS
(Unaudited)
LAST TEN FISCAL YEARS**

FISCAL YEAR	DALLAS WATER UTILITIES WATER PURCHASES			TRINITY RIVER AUTHORITY WASTEWATER TREATMENT		
	VOLUME	DEMAND	TOTAL	O&M	DEBT SERVICE	TOTAL
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
2006	2,840,265	5,173,555	8,013,820	3,221,410	4,177,739	7,399,149

(continued)

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

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 and Maintenance.

TRINITY RIVER AUTHORITY

JOE POOL LAKE INTAKE	JOE POOL LAKE CORP OF ENGINEERS	WATER STORAGE FACILITY ¹
\$ 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	-
185,136	416,034	-
44,249	380,806	-

(concluded)