FSC Disclosure Services
A Division of First Southwest Company

(See "Continuing Disclosure of Information" herein)

OFFICIAL STATEMENT

Dated: November 4, 2008

Ratings:
Fitch: "AA"
Standard & Poor's: "AA+"
(see "OTHER INFORMATION - Ratings" herein)

NEW ISSUE – Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$8,985,000
CITY OF GRAND PRAIRIE, TEXAS
(Dallas, Tarrant and Ellis Counties)
GENERAL OBLIGATION BONDS, SERIES 2008

Dated Date: November 1, 2008 **Due: February 15, as shown on page 2**

PAYMENT TERMS . . . Interest on the $8,985,000 City of Grand Prairie, Texas General Obligation Bonds, Series 2008 (the "Bonds" and, together with the City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2008A (the "Certificates), collectively known as the "Obligations") will accrue from November 1, 2008 (the "Dated Date"), and will be payable February 15 and August 15 of each year commencing August 15, 2009, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its assigns (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly V.T.C.A., Government Code, Chapter 1331, as amended, and an election held on November 6, 2001, and are direct obligations of the City of Grand Prairie, Texas (the "City"), payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Bond Ordinance") (see "THE OBLIGATIONS - Authority for Issuance of the Bonds").

PURPOSE. . . Proceeds from the sale of the Bonds will be used to (i) fund street improvements and storm drainage improvements; and (ii) pay the costs associated with the issuance of the Bonds.

CUSIP PREFIX: 386137

MATURITY SCHEDULE & 9 DIGIT CUSIP
Shown on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Fulbright & Jaworski L.L.P., Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by West & Associates, L.L.P., San Antonio, Texas, Counsel for the Underwriters.

DELIVERY. . . It is expected that the Bonds will be available for delivery through The DTC on December 9, 2008.

RBC CAPITAL MARKETS

STIFEL NICOLAUS **COASTAL SECURITIES**

MATURITY SCHEDULE

CUSIP Prefix: 386137[1]

Amount	Maturity 15-Feb	Interest Rate	Price or Yield	CUSIP Suffix[1]	Amount	Maturity 15-Feb	Interest Rate	Price or Yield	CUSIP Suffix[1]
$ 275,000	2010	4.000%	2.950%	6X(6)	$ 440,000	2020	5.000%	5.010%	7H(0)
290,000	2011	4.000%	3.200%	6Y(4)	460,000	2021	5.100%	5.150%	7J(6)
300,000	2012	4.000%	3.550%	6Z(1)	485,000	2022	5.200%	5.260%	7K(3)
315,000	2013	4.000%	3.750%	7A(5)	510,000	2023	5.250%	5.320%	7L(1)
325,000	2014	4.250%	3.950%	7B(3)	540,000	2024	5.300%	5.390%	7M(9)
340,000	2015	5.000%	4.130%	7C(1)	565,000	2025	5.375%	5.440%	7N(7)
355,000	2016	5.000%	4.300%	7D(9)	600,000	2026	5.375%	5.500%	7P(2)
380,000	2017	4.750%	4.450%	7E(7)	630,000	2027	5.375%	5.530%	7Q(0)
395,000	2018	4.875%	4.650%	7F(4)	665,000	2028	5.400%	5.560%	7R(8)
415,000	2019	5.000%	4.830%	7G(2)	700,000	2029	5.500%	5.600%	7S(6)

(Accrued Interest from November 1, 2008 to be added)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data set forth herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP services. Neither the City, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2019 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption for the Obligations").

OFFICIAL STATEMENT

Dated: November 4, 2008

(See "Continuing Disclosure of Information" herein)

Ratings:
Fitch: "AA"
Standard & Poor's: "AA+"
(see "OTHER INFORMATION - Ratings" herein)

NEW ISSUE – Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

THE CERTIFICATES WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

$26,660,000
CITY OF GRAND PRAIRIE, TEXAS
(Dallas, Tarrant and Ellis Counties)
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2008A

Dated Date: November 1, 2008 **Due: February 15, as shown on page 4**

PAYMENT TERMS . . . Interest on the $26,660,000 City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2008A (the "Certificates" and, together with the City of Grand Prairie, Texas General Obligation Bonds, Series 2008 (the "Bonds") being offered herein, collectively known as the "Obligations") will accrue from November 1, 2008 (the "Dated Date"), and will be payable February 15 and August 15 of each year commencing August 15, 2009, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE OBLIGATIONS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its assigns (see "THE OBLIGATIONS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City of Grand Prairie, Texas (the "City"), payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of $2,500 of the Net Revenues of the City's Water and Wastewater System, as provided in the ordinance authorizing the Certificates (the "Certificate Ordinance") (see "THE OBLIGATIONS - Authority for Issuance of the Certificates").

PURPOSE. . . Proceeds from the sale of the Certificates will be used for the purpose of (i) purchasing materials, supplies, equipment and machinery for the City's public works, parks, and information technology departments, (ii) acquiring, constructing, improving and equipping fire fighting facilities, including the acquisition of land therefor, (iii) improving, renovating, and equipping existing City-owned buildings, (iv) acquiring, constructing, and improving the City's storm drainage system, including rights-of-way necessary for such improvements, (v) constructing and improving streets, sidewalks, entryways, pedestrian pathways and street noise abatement improvements within the City, including the acquisition of land and rights-of-way therefor, (vi) acquiring, constructing and improving parks and park facilities within the City, and (vii) pay the costs associated with the issuance of the Certificates.

CUSIP PREFIX: 386137

MATURITY SCHEDULE & 9 DIGIT CUSIP
Shown on Page 4

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Fulbright & Jaworski L.L.P., Bond Counsel, Dallas, Texas (see Appendix D, "Form of Bond Counsel's Opinion). Certain legal matters will be passed upon for the Underwriters by West & Associates, L.L.P., San Antonio, Texas, Counsel for the Underwriters.

DELIVERY. . . It is expected that the Certificates will be available for delivery through DTC on December 9, 2008.

RBC CAPITAL MARKETS

STIFEL NICOLAUS **COASTAL SECURITIES**

MATURITY SCHEDULE

CUSIP Prefix: 386137[(1)]

Amount	Maturity 15-Feb	Interest Rate	Price or Yield	CUSIP Suffix[(1)]	Amount	Maturity 15-Feb	Interest Rate	Price or Yield	CUSIP Suffix[(1)]
$1,480,000	2010	4.000%	2.950%	6B(4)	$ 1,720,000	2020	5.000%	5.010%	6M(0)
1,535,000	2011	4.000%	3.200%	6C(2)	1,810,000	2021	5.100%	5.150%	6N(8)
1,605,000	2012	4.000%	3.550%	6D(0)	720,000	2022	5.200%	5.260%	6P(3)
1,485,000	2013	4.000%	3.750%	6E(8)	760,000	2023	5.250%	5.320%	6Q(1)
1,545,000	2014	4.250%	3.950%	6F(5)	800,000	2024	5.300%	5.390%	6R(9)
1,620,000	2015	4.375%	4.130%	6G(3)	845,000	2025	5.375%	5.440%	6S(7)
1,685,000	2016	4.500%	4.300%	6H(1)	890,000	2026	5.375%	5.500%	6T(5)
1,645,000	2017	4.750%	4.450%	6J(7)	935,000	2027	5.375%	5.530%	6U(2)
1,735,000	2018	4.875%	4.650%	6K(4)	990,000	2028	5.400%	5.560%	6V(0)
1,810,000	2019	5.000%	4.830%	6L(2)	1,045,000	2029	5.500%	5.600%	6W(8)

(Accrued Interest from November 1, 2008 to be added)

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OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2019 in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption for the Obligations").

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c 2-12"), as amended and in effect on the date hereof, this document constitutes an Official Statement of the City with respect to the Obligations that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized by the City to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell Obligations in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof.

See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstance of this transaction but the Underwriters do not guarantee the accuracy or completeness of such information.

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

The prices and other terms respecting the offering and sale of the Obligations may be changed from time to time by the Underwriters after the Obligations are released for sale, and the Obligations may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Obligations into investment accounts.

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

NEITHER THE CITY, THE UNDERWRITERS, NOR, ITS FINANCIAL ADVISOR, MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM AS SUCH INFORMATION HAS BEEN FURNISHED BY DTC.

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

THE COVER PAGES CONTAIN CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY AND ARE NOT INTENDED AS A SUMMARY OF THIS OFFERING. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

TABLE OF CONTENTS

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

OFFICIAL STATEMENT SUMMARY

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

THE CITY .... The City of Grand Prairie, Texas (the "City") is a political subdivision and municipal corporation of the State, located in Dallas, Tarrant and Ellis Counties, Texas. The City covers approximately 80 square miles (see "INTRODUCTION - Description of the City").

THE BONDS .... The Bonds are issued as $8,985,000 General Obligation Bonds, Series 2008. The Bonds are issued as serial bonds maturing February 15, 2010 through February 15, 2029, inclusive (see "THE OBLIGATIONS - Description of the Obligations").

THE CERTIFICATES .... The Certificates are issued as $26,660,000 Combination Tax and Revenue Certificates of Obligation, Series 2008A. The Certificates are issued as serial certificates maturing February 15, 2010 through February 15, 2029, inclusive (see "THE OBLIGATIONS - Description of the Obligations").

PAYMENT OF INTEREST .... Interest on the Obligations accrues from November 1, 2008, and is payable August 15, 2009, and each February 15 and August 15 thereafter until maturity or prior redemption (see "THE OBLIGATIONS - Description of the Obligations" and "THE OBLIGATIONS - Optional Redemption for the Obligations").

AUTHORITY FOR ISSUANCE OF THE BONDS .... The Bonds are issued pursuant to the general laws of the State, including particularly V.T.C.A., Government Code, Chapter 1331, as amended, an election held on November 6, 2001, and an ordinance passed by the City Council of the City (the "Bond Ordinance") (see "THE OBLIGATIONS - Authority for Issuance of the Bonds").

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES .... The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance passed by the City Council of the City (the "Certificate Ordinance"). (See "THE OBLIGATIONS - Authority for Issuance of the Certificates").

SECURITY FOR THE BONDS .... The Bonds constitute direct and voted obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see "THE OBLIGATIONS - Security and Source of Payment of the Bonds").

SECURITY FOR THE CERTIFICATES .... The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge of $2,500 of the Net Revenues of the City's Water and Wastewater System (see "THE OBLIGATIONS - Security and Source of Payment of the Certificates").

QUALIFIED TAX-EXEMPT OBLIGATIONS .... The City will **NOT** designate the Obligations as "Qualified Tax-Exempt Obligations" for financial institutions.

OPTIONAL REDEMPTION FOR THE OBLIGATIONS .... The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2019, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE OBLIGATIONS - Optional Redemption for the Obligations").

TAX EXEMPTION.......................... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS", including the alternative minimum tax on corporations.

USE OF PROCEEDS FOR THE BONDS.................................. Proceeds from the sale of the Bonds will be used to (i) fund street improvements and storm drainage improvements; and (ii) pay the costs associated with the issuance of the Bonds.

USE OF PROCEEDS FOR THE CERTIFICATES .... Proceeds from the sale of the Certificates will be used for the purpose of (i) purchasing materials, supplies, equipment and machinery for the City's public works, parks, and information technology departments, (ii) acquiring, constructing, improving and equipping fire fighting facilities, including the acquisition of land therefor, (iii) improving, renovating, and equipping existing City-owned buildings, (iv) acquiring, constructing, and improving the City's storm drainage system, including rights-of-way necessary for such improvements, (v) constructing and improving streets, sidewalks, entryways, pedestrian pathways and street noise abatement improvements within the City, including the acquisition of land and rights-of-way therefor, (vi) acquiring, constructing and improving parks and park facilities within the City, and (vii) pay the costs associated with the issuance of the Certificates.

RATINGS FOR THE OBLIGATIONS .... The Certificates/Bonds have been rated "AA" by Fitch Ratings ("Fitch"), and "AA+" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), without regard to credit enhancements (see "OTHER INFORMATION - Ratings for the Obligations").

BOOK-ENTRY-ONLY SYSTEM...... The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "THE OBLIGATIONS - Book-Entry-Only System") .

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

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population[(1)]	Taxable Assessed Valuation [(2)]		Per Capita Taxable Assessed Valuation	Net General Obligation (G.O.) Tax Debt [(3)]		Per Capita Net G. O. Tax Debt	Ratio Net G.O. Tax Debt to Taxable Assessed Valuation	% of Total Tax Collections	
2004	141,450	6,797,411,696	(4)	48,055	121,463,825	(9)	859	1.78%	99.69%	
2005	145,600	7,099,712,548	(5)	48,762	120,974,687	(9)	831	1.70%	98.13%	
2006	156,050	7,577,359,236	(6)	48,557	124,981,114		801	1.74%	98.10%	
2007	161,550	8,282,647,144	(7)	51,270	133,012,120		823	1.61%	99.10%	
2008	166,650 [(11)]	9,209,069,370	(8)	55,260	152,813,215	(10)	917	1.66%	98.29%	(11)

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(1) Source: City Staff.
(2) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Central Appraisal District on the City's Annual State Property Tax Board Reports; subject to change during the ensuring year.
(3) Excludes tax bonds, certificates of obligation and water contract bonds issued for water, wastewater, solid waste, TIF #1, TIF #2, TIF #3, airport system, and Crime Prevention District improvements, which are self-supporting.
(4) Includes taxable incremental value of approximately $104,555,505 that is not available for the City's general use.
(5) Includes taxable incremental value of approximately $197,605,863 that is not available for the City's general use.
(6) Includes taxable incremental value of approximately $294,337,839 that is not available for the City's general use.
(7) Includes taxable incremental value of approximately $472,348,460 that is not available for the City's general use.
(8) Includes taxable incremental value of approximately $671,806,230 that is not available for the City's general use.
(9) Net General Obligation debt includes accreted interest of capital appreciation bonds.
(10) Based on current debt outstanding, including the Obligations.
(11) As of September 30, 2008. Unaudited.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	For Fiscal Year Ended September 30,				
	2007	2006	2005	2004	2003
Beginning Balance	$ 24,999,898	$ 17,713,040	$ 19,138,274	$ 16,028,003	$ 15,900,287
Total Revenue	88,023,971	86,814,882	75,640,188	72,762,522	68,614,933
Total Expenditures	78,203,980	71,518,447	66,998,232	62,530,725	62,609,284
Net Transfers	(9,367,416)	(8,009,577)	(8,243,381)	(7,121,526)	(5,877,933)
Prior Period Adjustment	-	-	(1,823,809)	-	-
Net Funds Available	452,575	7,286,858	398,575	3,110,271	127,716
Ending Balance	$ 25,452,473	$ 24,999,898	$ 17,713,040	$ 19,138,274	$ 16,028,003

For additional information regarding the City, please contact:

Diana Ortiz, RTA
dortiz@GPTX.org
Chief Financial Officer
City of Grand Prairie
317 College Street
Grand Prairie, Texas 75050
(972) 237-8090

or

James S. Sabonis
Maria Urbina
jsabonis@firstsw.com
murbina@firstsw.com
First Southwest Company
325 North St. Paul, Suite 800
Dallas, Texas 75201
(214) 953-4000

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

	Length of Service	Term Expires	Occupation
Charles England Mayor - At Large	16 Years	May, 2010	Agent, State Farm Insurance
Mark Hepworth Place 1 - District 1	5 Months	May, 2011	Managing Partner, S&P Investors, Inc.
Jim Swafford Place 2 - District 2	10 Years	May, 2010	Retired Bank President
Bill Thorn Place 3 - District 3	3 Years	May, 2011	Real Estate Broker
Richard Fregoe Place 4 - District 4	14 Years	May, 2010	Retired Senior Executive U.S. Army/Air Force Exchange Service
Tony Shotwell Place 5 - District 5	13 Years	May, 2009	Machinery Programmer, Fabricom
Ron Jensen Place 6 - District 6	6 Years	May, 2009	President - Control Products Corporation
Ruthe Jackson Place 7 - At Large Mayor Pro-Tem	15 Years	May, 2011	Co-owner, Jackson Vending Supply
Rick Sala Place 8 - At Large	3 Years	May, 2009	Engineering/Manufacturing Consultant

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service In Grand Prairie	Total Municipal Government Experience
Tom Hart	City Manager	9 Years	33 Years
Anna Doll	Deputy City Manager	25 Years	26 Years
Tom Cox	Deputy City Manager	7 Years	17 Years
Mike Foreman	Assistant to City Manager	15 Years	24 Years
Andrew White	Assistant to City Manager	4 Years	8 Years
Don Postell	City Attorney	10 Years	23 Years
Cathy Dimaggio	City Secretary	8 Years	21 Years
Diana Ortiz, RTA	Chief Financial Officer	2 Years	22 Years
Kathleen Mercer	Budget Director	8 Years	10 Years
Ron McCuller	Public Works Director	11 Years	35 Years
Cathy Patrick, CPA, CIA	Internal Auditor	10 Years	15 Years
Tannie Camarata, CCM	Cash/Debt Manager	17 Years	17 Years
Li Jen Lee, CPA, CIA	Controller	7 Months	20 Years

CONSULTANTS AND ADVISORS

Auditors .... Weaver and Tidwell, L.L.P.
Dallas, Texas

Bond Counsel .... Fulbright & Jaworski L.L.P.
Dallas, Texas

Financial Advisor .... First Southwest Company
Dallas, Texas

OFFICIAL STATEMENT

RELATING TO

$8,985,000
CITY OF GRAND PRAIRIE, TEXAS
GENERAL OBLIGATION BONDS, SERIES 2008

$26,660,000
CITY OF GRAND PRAIRIE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2008A

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the $8,985,000 City of Grand Prairie, Texas General Obligation Bonds, Series 2008 (the "Bonds"), and the $26,660,000 City of Grand Prairie, Texas Combination Tax and Revenue Certificates of Obligation, Series 2008A (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the applicable ordinances to be adopted on the date of sale of the Obligations which will authorize the issuance of the respective Obligations, (collectively, the "Ordinances") except as otherwise indicated herein.

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

SEPARATE ISSUES. . . The Bonds and the Certificates are being offered concurrently by the City under a common Official Statement, and such Bonds and Certificates are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and the Certificates are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while the Obligations share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and other features.

DESCRIPTION OF THE CITY. . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City first adopted its Home Rule Charter in 1948. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Councilmembers who are elected for staggered two-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, electric, water and sanitary sewer utilities, health and social services, culture-recreation, public transportation, public improvements, planning and zoning, and general administrative services. The 1970 Census population for the City was 71,462, while the 2000 population was 127,427. The population as of January, 2008 was 166,650. The City covers approximately 80 square miles.

PLAN OF FINANCING

PURPOSE FOR THE BONDS. . . Proceeds from the sale of the Bonds will be used to (i) fund street improvements and storm drainage improvements; and (ii) to pay the costs of issuance of the Bonds.

PURPOSE FOR THE CERTIFICATES. . . Proceeds from the sale of the Certificates will be used for the purpose of (i) purchasing materials, supplies, equipment and machinery for the City's public works, parks, and information technology departments, (ii) acquiring, constructing, improving and equipping fire fighting facilities, including the acquisition of land therefor, (iii) improving, renovating, and equipping existing City-owned buildings, (iv) acquiring, constructing, and improving the City's storm drainage system, including rights-of-way necessary for such improvements, (v) constructing and improving streets, sidewalks, entryways, pedestrian pathways and street noise abatement improvements within the City, including the acquisition of land and rights-of-way therefor, (vi) acquiring, constructing and improving parks and park facilities within the City, and (vii) pay the costs associated with the issuance of the Certificates.

THE OBLIGATIONS

DESCRIPTION OF THE OBLIGATIONS . . . The Obligations are dated November 1, 2008 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on page 2 with regard to the Bonds, and page 4 with regard to the Certificates. Interest will accrue from the Dated Date and will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year until maturity or prior redemption, commencing August 15, 2009. The definitive Obligations will be issued only in fully registered form in denominations of $5,000 or integral multiples thereof for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "THE OBLIGATIONS - Book-Entry-Only System").

AUTHORITY FOR ISSUANCE OF THE BONDS. . . The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly V.T.C.A., Government Code, Chapter 1331, as amended, and an election held on November 6, 2001, and are direct obligations of the City, payable from an annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Bond Ordinance").

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES . . . The Certificates are issued pursuant to the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City, payable from a combination of (i) the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited pledge of $2,500 of the Net Revenues of the City's Water and Wastewater System, as provided in the ordinance authorizing the Certificates (the "Certificate Ordinance").

SECURITY AND SOURCE OF PAYMENT OF THE BONDS. . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City sufficient to provide for the payment of principal of and interest on all Bonds, which tax must be levied within the limits prescribed by law.

SECURITY AND SOURCE OF PAYMENT OF THE CERTIFICATES. . . All taxable property within the City is subject to a continuing direct annual ad valorem tax levied by the City sufficient to provide for the payment of principal of and interest on all Certificates, which tax must be levied within limits prescribed by law. Additionally, the Certificates are payable from and secured by a limited pledge of $2,500 of the Net Revenues of the City's Water and Wastewater System, as provided in the Certificate Ordinance.

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

OPTIONAL REDEMPTION FOR THE OBLIGATIONS. . . The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2019, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2018, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of Obligations to be redeemed. If less than all the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

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

DEFEASANCE . . . The respective Ordinances authorizing the issuance of the Obligations provide for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, or an authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Obligations, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to make such payment. Such Ordinances provide that "Government Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are , on the date of their acquisition or purchase by the City, rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

Upon making such deposit in the manner described, any such Obligations shall no longer be deemed outstanding obligations payable from any ad valorem taxes or revenues pledged by the City, but will be payable only from the funds and Government Obligations deposited in escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose.

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

DTC may discontinue providing its services as securities depository with respect to the Obligations at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Obligations are required to be printed and delivered.

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

So long as Cede & Co. is the registered owner of the Obligations, the City will have no obligation or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the applicable Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Underwriters.

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

Principal of the Obligations will be payable to the registered owner at maturity or prior redemption upon presentation at the principal office of the Paying Agent/Registrar. Interest on the Obligations will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners shown on the records of the Paying Agent/Registrar on the Record Date (see "THE OBLIGATIONS - Record Date for Interest Payment" herein), or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, legal holiday or day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. So long as Cede & Co. is the registered owner of the Obligations, payments of principal and interest on the Obligations will be made as described in "THE OBLIGATIONS - Book-Entry-Only System" herein.

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

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

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

If any obligation is mutilated, destroyed, stolen or lost, a new Obligation in the same principal amount as the Obligation so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Obligation, such new Obligation will be delivered only upon surrender and cancellation of such mutilated Obligation. In the case of any Obligation issued in lieu of and substitution for any Obligation which has been destroyed, stolen or lost, such new Obligation will be delivered only (a) upon filing with the City and the Paying Agent/Registrar a certificate to the effect that such Obligation has been destroyed, stolen or lost and proof of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Obligation must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

OBLIGATIONHOLDERS' REMEDIES. . . If the City defaults in the payment of principal, interest or redemption price on the Obligations when due, or if it fails to make payments into any fund or funds created in the Ordinances, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinances, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Obligations may not be able to bring such a suit against the City for breach of the Obligations or the Ordinances covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Obligations of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinances and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors.

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

SOURCES OF FUNDS:	
Par Amount of Bonds	$ 8,985,000.00
Reoffering Premium	70,300.80
Accrued Interest	47,582.86
TOTAL SOURCES:	$ 9,102,883.66
USES OF FUNDS:	
Original Issue Discount	$ 58,329.40
Total Underwriters' Discount	60,202.66
Costs of Issuance [(1)]	106,768.74
Deposit to Debt Service Fund	47,582.86
Deposit to Project Construction Fund	8,830,000.00
TOTAL USES:	$ 9,102,883.66

(1) Includes rounding amount.

SOURCES AND USES OF CERTIFICATE PROCEEDS. . . Proceeds from the sale of the Certificates are expected to be expended as follows:

SOURCES OF FUNDS:	
Par Amount of Certificates	$ 26,660,000.00
Reoffering Premium	227,228.40
Accrued Interest	133,240.53
TOTAL SOURCES:	$ 27,020,468.93
USES OF FUNDS:	
Original Issue Discount	$ 92,880.65
Total Underwriters' Discount	161,287.88
Costs of Issuance [(1)]	108,059.87
Deposit to Debt Service Fund	133,240.53
Deposit to Project Construction Fund	26,525,000.00
TOTAL USES:	$ 27,020,468.93

(1) Includes rounding amount.

TAX INFORMATION

AD VALOREM TAX LAW. . . The appraisal of property within the City is the responsibility of the Dallas Central Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title I of the Texas Tax Code (the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of three members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to V.T.C.A., Title I, Tax Code, as amended the Property Tax Code,, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant either or both of the following: (1) An exemption of not less than $3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision; (2) An exemption of up to 20% of the market value of residence homesteads. The minimum exemption under provision (2) is $5,000.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead and to a surviving spouse living in such homestead that is disabled or is at least 55 years of age. If improvements (other than maintenance, repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from $5,000 to a maximum of $12,000.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, is exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

The City and the other taxing bodies within its territory may agree to jointly create tax increment financing zones, under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone. The additional revenues generated by the increased values of the property within the district are paid to the district for an agreed period of years to pay for district's public improvements. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Effective Tax Rate and Rollback Tax Rate . . . By each September 1 or as soon thereafter as practicable, the City Council adopts a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year. Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

Property Assessment and Tax Payment. . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

Penalties and Interest . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest (1)	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	32 (2)	6	38

(1) Interest continues to accrue after July 1 at the rate of 1% per month until paid.
(2) Includes an amount of up to 20% which may be assessed after July 1 to defray attorney expenses. Since 1987, the City has employed an outside attorney to collect its delinquent ad valorem taxes.

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be is added to the total tax, penalty, and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $45,000; the disabled are also granted an exemption of $30,000.

The City has granted an additional exemption of 1% of the market value of residence homesteads; minimum exemption of $5,000 at their September 19, 2006 City Council meeting. The homestead was effective for tax year 2007 and taxes due November 1, 2008.

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

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

The City does not tax nonbusiness personal property; and Dallas County collects taxes for the City by contract.

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

The City does not tax freeport property.

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

The City has adopted partial tax abatement guidelines. The City granted partial tax abatements to eleven companies.

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

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2008/2009 Market Valuation Established by Dallas Central Appraisal District (excluding totally exempt property)		$ 11,294,631,530
Less Exemptions/Reductions at 100% Market Value:		
Homestead	$ 145,575,775	
Over 65 & Disabled	243,982,524	
Disabled Veterans	7,021,629	
Agricultural Use Reductions	84,093,269	
Non-Taxable/Totally Exempt	561,625,303	
Tax Abatement	13,246,625	
Freeport	437,013,331	
Under $500	31,082	
Pollution Control	1,155,823	
Com HSE DEV	27,253,914	
Capped Value Loss	16,052,560	1,537,051,835
2008/2009 Taxable Assessed Valuation		$ 9,757,579,695
General Obligation Debt Payable from Ad Valorem Taxes as of 9/1/08 (1)		
General Obligation Bonds & Certificates of Obligation	$ 246,770,000	
The Bonds	$ 8,985,000	
The Certificates	26,660,000	
		$ 282,415,000
Revenue Supported General Obligation Bonds:		
Golf	$ 5,920,317	
Airports	2,220,000	
Parks	8,445,468	
Cemetary	3,405,000	
TIFS	47,186,000	
PID	2,625,000	
Crime Prevention Center	59,800,000	
Net Funded Debt Payable from Ad Valorem Taxes		$ 129,601,785
Less: Revenue Supported General Obligation Bonds		$ 152,813,215
Projected Interest and Sinking Fund Property Taxes as of 9/1/08		$ 5,258,210
Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation		1.33%

2008 Estimated Population - 166,650

Per Capita Taxable Assessed Valuation - $58,551

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - $778

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(1) The above statement of indebtedness does not include the $4,940,000 of Water and Wastewater System Revenue Bonds, Series 2008 issued simultaneously with the Obligations.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2009		2008		2007	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 5,028,167,345	44.52%	$ 4,872,327,720	45.76%	$ 4,351,022,750	46.50%
Real, Residential, Multi-Family	739,830,796	6.55%	596,978,050	5.61%	555,563,830	5.94%
Real, Vacant Platted Lots/Tracts	182,753,787	1.62%	282,277,200	2.65%	300,513,930	3.21%
Real, Acreage (Land Only)	133,474,311	1.18%	108,884,240	1.02%	110,380,630	1.18%
Real, Farm and Ranch Improvements	-	0.00%	-	0.00%	-	0.00%
Real, Commercial and Industrial	2,095,036,616	18.55%	2,015,029,900	18.92%	1,779,296,300	19.02%
Real and Tangible Personal, Utilities	155,285,015	1.37%	153,332,040	1.44%	142,907,700	1.53%
Tangible Personal, Business	1,940,808,303	17.18%	1,855,677,560	17.43%	1,389,852,890	14.85%
Tangible Personal, Other	95,749,519	0.85%	12,611,040	0.12%	15,346,380	0.16%
Special Inventory	34,826,210	0.31%	36,432,670	0.34%	33,577,040	0.36%
Certified values in dispute	327,074,325	2.90%	171,184,841	1.61%	185,414,802	1.98%
Non-Taxable Property	561,625,303	4.97%	543,324,490	5.10%	492,421,020	5.26%
Total Appraised Value Before Exemptions	$ 11,294,631,530	100.00%	$ 10,648,059,751	100.00%	$ 9,356,297,272	100.00%
Less Exemptions:						
Homestead	$ 145,575,775		$ 131,296,651		$ -	
Over 65 and Disabled	243,982,524		233,512,708		223,406,679	
Disabled Veterans	7,021,629		6,731,482		6,462,108	
Agricultural/Open Space	84,093,269		79,568,022		88,589,220	
Non-Taxable	561,625,303.00		543,324,490		492,421,020	
Tax Abatement	13,246,625		14,152,870		18,328,449	
Freeport Property	437,013,331		409,300,670		220,203,764	
Pollution Control	1,155,823		3,144,382		2,682,376	
Under $500	31,082		47,880		40,870	
Com HSE DEV	27,253,914		-		-	
Capped Value Loss	16,052,560		17,911,226		21,515,642	
Total Exemptions	1,537,051,835		1,438,990,381		1,073,650,128	
Taxable Assessed Value	$ 9,757,579,695 (1)		$ 9,209,069,370 (2)		$ 8,282,647,144 (3)	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2006		2005	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 3,854,273,700	44.39%	$ 3,540,979,610	43.59%
Real, Residential, Multi-Family	507,560,390	5.85%	490,686,590	6.04%
Real, Vacant Platted Lots/Tracts	262,814,130	3.03%	201,665,450	2.48%
Real, Acreage (Land Only)	103,397,780	1.19%	110,387,370	1.36%
Real, Farm and Ranch Improvements	-	0.00%	912,570	0.01%
Real, Commercial and Industrial	1,659,646,980	19.12%	1,611,248,180	19.83%
Real and Tangible Personal, Utilities	132,609,280	1.53%	140,164,980	1.73%
Tangible Personal, Business	1,432,593,740	16.50%	1,346,401,310	16.57%
Tangible Personal, Other	10,825,320	0.12%	15,270,320	0.19%
Special Inventory	23,253,560	0.27%	26,517,020	0.33%
Certified values in dispute	218,325,758	2.51%	208,878,683	2.57%
Non-Taxable Property	477,064,140	5.49%	431,168,410	5.31%
Total Appraised Value Before Exemptions	$ 8,682,364,778	100.00%	$ 8,124,280,493	100.00%
Less Exemptions:				
Over 65 and Disabled	$ 214,910,122		$ 209,230,592	
Disabled Veterans	6,098,777		5,635,974	
Agricultural/Open Space	73,742,274		71,027,225	
Non-Taxable	477,064,140		431,168,410	
Tax Abatements	43,272,644		83,454,592	
Freeport Property	267,547,422		196,688,974	
Pollution Control	4,053,363		3,595,944	
Under 500	52,760		62,920	
Capped Value Loss	18,264,040		23,703,314	
Total Exemptions	1,105,005,542		1,024,567,945	
Taxable Assessed Value	$ 7,577,359,236 (4)		$ 7,099,712,548 (5)	

(1) Includes taxable incremental value of approximately $855,162,990 that is not available for the City's general use.
(2) Includes taxable incremental value of approximately $472,348,460 that is not available for the City's general use.
(3) Includes taxable incremental value of approximately $294,337,839 that is not available for the City's general use.
(4) Includes taxable incremental value of approximately $197,605,863 that is not available for the City's general use.
(5) Includes taxable incremental value of approximately $104,555,509 that is not available for the City's general use.

TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population[1]	Taxable Assessed Valuation[2]		Taxable Assessed Valuation Per Capita	Net General Obligation (G.O.) Tax Debt [3]	Net G.O. Tax Debt Per Capita	Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation
2004	141,450	6,797,411,696	(4)	48,055	121,463,825 (9)	859	1.78%
2005	145,600	7,099,712,548	(5)	48,762	120,974,687 (9)	831	1.70%
2006	156,050	7,577,359,236	(6)	48,557	124,981,114	801	1.74%
2007	161,550	8,282,647,144	(7)	51,270	133,012,120	823	1.84%
2008	166,650	9,209,069,370	(8)	55,260	152,813,215 (10)	917	1.66%

(1) Source: City Staff.
(2) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, and Ellis Central Appraisal District on the City's Annual State Property Tax Board Reports; subject to change during the ensuring year.
(3) Excludes tax bonds, certificates of obligation and water contract bonds issued for water, wastewater, solid waste, TIF #1, TIF #2, TIF #3, airport system, and Crime Prevention District improvements, which are self-supporting.
(4) Includes taxable incremental value of approximately $104,555,505 that is not available for the City's general use.
(5) Includes taxable incremental value of approximately $197,605,863 that is not available for the City's general use.
(6) Includes taxable incremental value of approximately $294,337,839 that is not available for the City's general use.
(7) Includes taxable incremental value of approximately $472,348,460 that is not available for the City's general use.
(8) Includes taxable incremental value of approximately $671,806,230 that is not available for the City's general use.
(9) Net General Obligation debt includes accreted interest of capital appreciation bonds.
(10) Based on current debt outstanding, including the Obligations.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Total Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2004	0.669998	0.474711	0.195287	45,542,522	98.16%	99.69%
2005	0.669998	0.474711	0.195287	47,526,939	96.96%	98.13%
2006	0.669998	0.474711	0.195287	50,768,155	95.80%	98.10%
2007	0.669998	0.481500	0.188498	55,193,470	97.35%	99.10%
2008	0.669998	0.484892	0.185106	61,700,580	97.13% (1)	98.29% (1)

(1) Reflects collections through September 30, 2008. Unaudited.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2008 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Bell Helicopter-Textron	Helicopter Transmissions	$ 170,853,372	1.75
Oncor Electric	Electric Utility Provider	84,727,716	0.87
Republic Beverage	Beverage Provider	64,048,492	0.66
Hanson Pipe & Products	Concrete Pipeline Manufacturing	54,895,090	0.56
Catellus Comm Group LLC	Real Estate	54,205,440	0.56
Lockheed Martin	Defense Industry	42,100,886	0.43
Towns of Riverside TIC 27 Et al.	Apartment Complex	39,838,750	0.41
Cardinal Health 200 Inc.	Medical Products and Services	37,729,377	0.39
First Industrial Texas LP	Real Estate	33,004,824	0.34
WLA Barrington V LP	Real Estate	31,061,160	0.32
		$ 739,446,420	7.58

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

TABLE 6 - ESTIMATED OVERLAPPING DEBT (1)

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

Taxing Jurisdiction	2008 Taxable Assessed Value	2008 Tax Rate	Total General Obligation Debt as of 11/1/2008	Estimated % Applicable	Overlapping General Obligation Debt as of 11/1/2008
City of Grand Prairie	$ 9,757,579,695	0.6700	$ 282,415,000	100.00%	$ 282,415,000
Dallas County	170,582,361,268	0.2281	158,486,552	2.76%	4,374,229
Ellis County	9,875,324,665	0.3601	68,416,262	0.01%	6,842
Tarrant County	115,750,639,763	0.2640	346,495,000	3.50%	12,127,325
Dallas County Flood Control District #1	217,340,959	2.8355	31,240,100	36.98%	11,552,589
Grand Prairie Metropolitan URD	9,585,810	2.1400	8,505,000	100.00%	8,505,000
Arlington ISD	19,845,664,411	1.2720	421,113,782	18.10%	76,221,595
Cedar Hill ISD	2,945,440,524	1.5000	111,947,711	3.81%	4,265,208
Grand Prairie ISD	4,982,899,719	1.4650	471,736,394	94.07%	443,762,426
Irving ISD	10,135,897,746	1.3910	461,081,610	0.74%	3,412,004
Mansfield ISD	8,345,981,827	1.4500	701,849,741	7.53%	52,849,285
Midlothian ISD	2,873,970,167	1.4075	169,159,130	0.28%	473,646
Dallas County CCD	177,508,750,618	0.0894	298,185,000	2.76%	8,229,906
Dallas County Hospital District	170,582,361,268	0.2540	-	2.76%	-
Tarrant County Hospital District	115,750,639,763	0.2279	29,585,000	3.50%	1,035,475
Tarrant County Jr. College District	116,301,558,004	0.1380	49,005,000	3.50%	1,715,175
Total Direct and Net Overlapping Debt					$ 910,945,704
Total Direct and Net Overlapping Debt as % of 2008 Taxable Assessed Valuation					9.34%
Total Direct and Net Overlapping Debt per Capita					$ 5,466

(1) Source: Municipal Advisory Council of Texas, as of 11/1/2008.

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DEBT INFORMATION

TABLE 7 – PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding GO Bonds Debt Service Principal	Interest [1]	Total	The Bonds [2] Principal	Interest	Total	The Certificates [3] Principal	Interest	Total	Less: Self Supporting Debt Service [4]	Net Debt Service Requirements	% of Principal Retired
2009	$ 12,500,000	$ 18,448,979	$ 30,948,979	$ -	$ 355,619	$ 355,619	$ -	$ 995,798	$ 995,798	$ 18,300,401	$ 13,999,995	
2010	12,840,000	17,800,235	30,640,235	275,000	445,285	720,285	1,480,000	1,232,679	2,712,679	19,182,241	14,890,957	
2011	15,115,000	17,191,087	32,306,087	290,000	433,985	723,985	1,535,000	1,172,379	2,707,379	21,067,872	14,669,579	
2012	12,975,000	16,331,902	29,306,902	300,000	422,185	722,185	1,605,000	1,109,579	2,714,579	18,487,521	14,256,145	
2013	13,605,000	15,411,545	29,016,545	315,000	409,885	724,885	1,485,000	1,047,779	2,532,779	18,300,167	13,974,043	26.32%
2014	13,995,000	14,456,881	28,451,881	325,000	396,679	721,679	1,545,000	985,248	2,530,248	18,117,613	13,586,194	
2015	14,505,000	13,449,799	27,954,799	340,000	381,273	721,273	1,620,000	916,979	2,536,979	17,912,902	13,300,148	
2016	15,150,000	12,396,268	27,546,268	355,000	363,898	718,898	1,685,000	843,629	2,528,629	17,719,479	13,074,316	
2017	15,995,000	11,219,105	27,214,105	380,000	345,998	725,998	1,645,000	766,648	2,411,648	17,410,950	12,940,801	
2018	16,310,000	9,986,042	26,296,042	395,000	327,344	722,344	1,735,000	685,288	2,420,288	16,926,198	12,512,477	56.76%
2019	17,000,000	8,675,942	25,675,942	415,000	307,341	722,341	1,810,000	597,748	2,407,748	16,597,571	12,208,460	
2020	16,705,000	7,309,261	24,014,261	440,000	285,966	725,966	1,720,000	509,498	2,229,498	16,246,383	10,723,341	
2021	15,770,000	5,882,679	21,652,679	460,000	263,236	723,236	1,810,000	420,343	2,230,343	14,402,919	10,203,339	
2022	15,865,000	4,424,860	20,289,860	485,000	238,896	723,896	720,000	355,468	1,075,468	12,629,864	9,459,360	
2023	13,440,000	3,043,334	16,483,334	510,000	212,899	722,899	760,000	316,798	1,076,798	10,469,473	7,813,557	87.89%
2024	13,695,000	1,744,729	15,439,729	540,000	185,201	725,201	800,000	275,648	1,075,648	10,047,137	7,193,440	
2025	4,185,000	414,871	4,599,871	565,000	155,707	720,707	845,000	231,738	1,076,738	507,514	5,889,801	
2026	3,780,000	236,231	4,016,231	600,000	124,398	724,398	890,000	185,110	1,075,110	510,641	5,305,098	
2027	3,080,000	82,156	3,162,156	630,000	91,341	721,341	935,000	136,063	1,071,063	493,077	4,461,484	
2028	260,000	6,500	266,500	665,000	56,455	721,455	990,000	84,205	1,074,205	495,297	1,566,863	99.38%
2029	-	-	-	700,000	19,250	719,250	1,045,000	28,738	1,073,738	229,180	1,563,808	100.00%
	$ 246,770,000	$ 178,512,407	$ 425,282,407	$ 8,985,000	$ 5,822,841	$ 14,807,841	$ 26,660,000	$ 12,897,357	$ 39,557,357	$ 266,054,400	$ 213,593,204	

(1) Assumes the Combination Tax & Tax Increment Revenue Certificates of Obligation, Series 2001; the Combination Tax & Revenue Certificates of Obligation, Series 2007A; and the Combination Tax & Revenue Certificates of Obligation, Series 2008 bear interest at the maximum rate of 15%.
(2) Average life of the issue - 12.424 years.
(3) Average life of the issue - 9.638 years
(4) Includes self-supporting portion of the Certificates.
.

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/07		$ 16,219,088
Projected Interest and Sinking Fund, 9/1/08 (1)	$ 5,121,949	
Budgeted 2008 Interest and Sinking Fund Tax Levy @ 97.5% Collection	16,287,052	
Interest Earnings	260,911	
Transfer from Section 8, Lake Park	50,000	
Total Available		$ 21,719,912
Estimated Balance, Fiscal Year Ending 9/30/08 (1)		$ 5,500,824

(1) Unaudited.

TABLE 9 - COMPUTATION OF SELF-SUPPORTING DEBT

	Water and Wastewater Fund	Solid Waste Fund	Airport Fund	TIF #1	TIF #2	TIF #3	Crime District Fund
Net Revenues Available for Debt Service from Systems Operations, Fiscal Year Ended 9/30/07	$ 17,630,177	$ 700,352	$ 1,725,406	$ 458,937	$ 3,898,230	$ 2,498,558	$ 4,869,208
Less: Revenue Bond Requirements, Fiscal Year Ended 9/30/07	4,875,932						
Balance Available for Other Purposes	$ 12,754,245	$ 700,352	$ 1,725,406	$ 458,937	$ 3,898,230	$ 2,498,558	$ 4,869,208
General Obligation Bonds, Certificates of Obligation and Water Contract Bond Requirements, Fiscal Year Ended 9/30/07	29,305	0	199,853	174,340	850,062	138,222	-
Balance	$ 12,724,940	$ 700,352	$ 1,525,553	$ 284,597	$ 3,048,168	$ 2,360,336	$ 4,869,208
Percentage of System General Obligation Bonds, Certificates of Obligation and Water Contract Bonds Self-Supporting	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Solid Waste	12/8/1990	$ 180,000	$ 75,000	$ -	$ 105,000
Streets/Signal	11/6/2001	56,000,000	35,725,837	8,186,928	12,087,235
Storm Drainage	11/6/2001	8,200,000	5,778,501	798,072	1,623,427
Public Safety	11/6/2001	11,800,000	11,222,662	-	577,338
		$ 76,180,000	$ 52,802,000	$ 8,985,000	$ 14,393,000

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT. . . The City does not anticipate the issuance of general obligation debt in the next twelve months.

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

RETIREMENT PLAN . . . All eligible employees of the City are members of the Texas Municipal Retirement System ("TMRS"). Members can retire at ages 60 and above with 5 or more years of service or with 25 years of service regardless of age. The Plan also provides death and disability benefits. A member is vested after 5 years, but he must leave his accumulated contributions in the Plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The Plan provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS and within the actual constraints also in the statutes.

The contribution rate for the employees is 7%, and the City matching percent is currently 200% of employee contributions, or 14%, both as adopted by the governing body of the City. Under the State law governing TMRS, the City contribution rate is annually determined by the actuary. Part of the City contribution rate (the normal cost) is to fund the currently accruing monetary credits, with the other part (the prior service contribution rate) calculated as the level percent of payroll needed to amortize the unfunded actuarial liability over the remainder of the Plan's 25-year amortization period. When the City periodically adopts updated service credits and increases in annuities in effect, the increased unfunded actuarial liability is to be amortized over a new 25-year period. Currently, the unfunded actuarial liability is being amortized over the 25-year period which began January 2007. The unit credit actuarial cost method is used for determining the City contribution rate. Contributions are made monthly by both the employees and the City. Since the City needs to know its contribution rate in advance to budget for it, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

The book value of assets is amortized cost for bonds and original cost for short-term securities and stocks. The actuarial assumptions used to compute the actuarially determined City contribution rate are the same as those used to compute the pension benefit obligation. The numbers below reflect the adoption of changes in the Plan since the previous actuarial valuation.

Fiscal Year	Net Assets Available for Benefits	Pension Benefit Obligation	Percentage Funded	Unfunded Pension Benefit Obligation	Annual Covered Payroll	Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll
2003	$ 131,709,701	$ 161,002,282	81.80%	$ 29,292,581	$ 48,080,684	60.92%
2004	142,198,405	177,576,317	80.08%	35,377,912	49,764,580	71.09%
2005	152,470,087	187,718,712	81.20%	35,248,625	52,997,624	66.50%
2006	157,030,678	194,053,949	80.92%	37,023,271	53,849,572	68.75%
2007	167,101,197	208,328,802	80.20%	41,227,605	56,817,617	72.60%

OTHER POST-EMPLOYMENT BENEFITS

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

Eligible retirees may purchase health insurance from the City's healthcare provider. The cost of insurance varies based on date retired, plan selected, and years of Grand Prairie service. The cost of coverage is shared between the City and the retiree in varying increments based on the above factors.

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

The City recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. The amount budgeted for the fiscal year ending September 30, 2006 is $1,258,135**.** The appropriation for the fiscal year ending September 30, 2005 was $815,417. At September 30, 2005, there were approximately 130 retired participants eligible to receive such benefits.

In fiscal 2007, the City implemented GASB Statement No. 45 *"Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions."* The City has performed an actuarial valuation of its post-retirement benefit liability. It has engaged an independent actuarial firm to prepare an initial valuation, which was completed in mid 2006. The City reviewed the study and plans to comply with legal requirements to perform additional studies in the future at the required intervals. The actuarial liability is estimated at $21,949,113.

For more information concerning the City's post-employment benefits, see the financial statements of the City, and the notes thereto.

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FINANCIAL INFORMATION

TABLE 11 – CHANGE IN NET ASSETS

Revenues	Fiscal Year Ending, September 30,				
Program Revenues:	2007	2006	2005	2004	2003
Charges for Services	$ 25,399,502	$ 28,449,951	$ 21,803,849	$ 20,003,601	$ 15,947,082
Operating Grants and Contributions	48,052,791	33,141,279	28,456,869	27,628,031	25,635,211
Capital Grants and Contributions	14,027,960	8,409,834	25,867,397	26,900,978	27,114,193
General Revenues:					
Property Taxes	$ 61,443,459	$ 54,462,317	$ 50,217,892	$ 46,952,102	$ 43,194,279
Sales Taxes	31,919,487	29,289,416	24,833,472	23,970,012	22,560,923
Other Taxes and Assessments	1,344,762	1,299,365	1,803,169	1,054,409	2,075,228
Franchise Fees	11,375,535	15,658,628	9,870,488	6,294,469	9,400,450
Investment Income	7,573,850	4,735,009	2,820,035	1,804,705	1,328,820
Other	0	71,784	3,014,011	2,811,908	847,258
Total Revenues	$ 201,137,346	$ 175,517,583	$168,687,182	$157,420,215	$148,103,444
Expenses					
Support Services	$ 22,481,067	$ 16,056,516	$ 13,933,988	$ 13,014,368	$ 12,898,644
Public Safety	70,124,744	57,826,788	53,811,047	49,831,335	50,916,655
Recreation and Leisure	19,168,072	15,606,279	14,491,018	13,276,399	10,741,472
Development and Other Services	38,630,596	50,642,965	40,009,351	39,071,130	37,605,023
Interest on Long-Term Debt	8,421,424	7,679,557	7,482,003	6,305,446	5,754,130
	$ 158,825,903	$ 147,812,105	$129,727,407	$121,498,678	$117,915,924
Increase in Net Assets Before Transfers	$ 42,311,443	$ 27,705,478	$ 38,959,775	$ 35,921,537	$ 30,187,520
Transfers, Net	2,426,279	2,128,239	350,310	1,724,268	2,962,060
Increase (Decrease) in Net Assets	$ 44,737,722	$ 29,833,717	$ 39,310,085	$ 37,645,805	$ 33,149,580
Prior Period Adjustments	-	-	(1,823,809)	-	-
Net Assets - Beginning	310,309,315	280,475,598	242,989,322	205,343,517	172,193,937
Net Assets - Ending	$ 355,047,037	$ 310,309,315	$280,475,598	$242,989,322	$205,343,517

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TABLE 11A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	2007	2006	2005	2004	2003
Revenues:					
Property Taxes	$37,907,961	$34,490,075	$33,166,388	$31,790,741	$31,228,922
Sales Taxes	20,965,517	19,476,832	16,531,323	15,980,008	15,040,615
Franchise Fees	11,375,535	15,658,628	9,870,488	10,098,744	9,400,450
Charges for Services	4,520,543	4,167,179	4,412,459	4,411,811	3,937,049
Fines and Forfeitures	5,232,676	5,304,252	5,219,937	4,823,234	4,324,433
Licenses and Permits	2,678,297	3,149,688	2,631,458	2,165,298	1,393,981
Interest	1,268,309	827,600	147,586	273,884	587,414
Other	4,075,133	3,740,628	3,660,549	3,218,801	2,702,069
Total Revenues	$88,023,971	$86,814,882	$75,640,188	$72,762,522	$68,614,933
Expenditures:					
Administrative Services	$10,058,549	$ 9,180,480	$ 8,304,627	$ 7,872,019	$ 7,859,219
Public Safety Services	52,462,808	47,593,852	44,679,188	41,523,522	40,569,667
Development Service and Other	13,018,662	12,258,488	11,594,375	10,835,274	11,770,786
Recreation and Leisure Services	1,899,944	1,815,697	1,752,679	1,681,848	1,631,296
Capital Outlays	764,017	669,930	667,363	618,062	778,316
Total Expenditures	$78,203,980	$71,518,447	$66,998,232	$62,530,725	$62,609,284
Excess (Deficiency) of Revenues					
Over Expenditures	$ 9,819,991	$15,296,435	$ 8,641,956	$10,231,797	$ 6,005,649
Transfer in (Out) Net	(9,367,416)	(8,009,577)	(8,243,381)	(7,121,526)	(5,877,933)
Prior Period Adjustment	-	-	(1,823,809)	-	-
Beginning Fund Balance	24,999,898	17,713,040	19,138,274	16,028,003	15,900,287
Ending Fund Balance	$25,452,473	$24,999,898	$17,713,040	$19,138,274	$16,028,003

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TABLE 12 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Obligations. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	City Financial Statements ($) City	Sports Corp. [2]	Parks and Recreation	Streets	Baseball Stadium [3]	Senior Facility [3]	Crime Control District [3]	Total	City Equivalent of Total Ad Valorem Tax Rate
2004	15,980,008	7,990,004	3,995,002	3,995,002	0	0	0	31,960,016	0.2351
2005	16,531,323	8,302,149	4,151,075	4,151,075	0	0	0	33,135,622	0.2328
2006	19,476,832	9,812,584	4,906,292	4,906,292	0	0	0	39,102,000	0.2570
2007	20,965,517	10,953,969	5,476,985	5,476,985	0	0	0	42,873,456	0.2531
2008 [1]	21,954,764	1,883,647	5,488,686	5,488,686	2,744,343	2,744,343	4,842,905	45,147,377	0.2384

(1) Unaudited.
(2) Sports Corp. Debt paid off in September 2007. Fiscal Year 2008 reflects 2 months of sales tax collections.
(3) The sales tax for these purposes was approved in May 2007 by voters. The tax went into effect on October 1, 2007 when the Sports Corporation Sales tax stopped.

SALES TAX ELECTION

The voters approved a one-half cent (½¢) local sales and use tax at an election held on January 18, 1992 under Section 4B of the Development Corporation Act of 1979. The additional sales tax receipts were used exclusively for costs associated with a horse racetrack. The City began collecting the tax in April 1993. The sales tax authorized by the January 18, 1992 election is not pledged to or available for payment on the Obligations. These Bonds were paid off September 15, 2007 and the sales tax was stopped on September 30, 2007.

The voters approved a one-fourth cent (¼¢) local sales and use tax rate at an election held on November 2, 1999 under Section 334.021 of Chapter 334, Local Government Code. The additional sales tax receipts will be used exclusively for costs associated with the municipal parks and recreation system as defined in Section 334.001(4)(D). The City began collecting the tax in April 2000. The sales tax authorized by the November 2, 1999 election is not pledged to or available for payment on the Obligations.

The voters approved a one-fourth cent (¼¢) local sales and use tax rate at an election held on November 6, 2001 under Chapter 327 Subtitle C, Title 3, Tax Code. The additional sales tax receipts will be used exclusively for street repair maintenance. The ¼ cent sales tax has a life of 4 years unless re-approved by the voters. The sales tax authorized by the November 6, 2001 election is not pledged to or available for payment of the Obligations.

On May 12, 2007 voters approved three new uses for the half cent sales tax previously used by the Grand Prairie Sports Facilities Development Corporation. The new projects and tax information are as follows:

- A one-forth cent (1/4 cent) local sales and use tax under Section 363.054 of Chapter 363, Local Government Code for Crime Control and Prevention District to fund a new Police Center.
- A one-eight cent (1/8 cent) local sales and use tax under Section 334.021 of Chapter 334, Local Government Code for a new Senior Center.
- A one eighth cent (1/8 cent) local sales and use tax under Section 334.021 of Chapter 334, Local Government Code for a minor league baseball stadium.

The additional sales tax receipts will be exclusively for costs associated with each of the projects. The City began collecting the tax on November 1, 2007.

DEVELOPMENT FEES

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

	Impact Fee	
	Water	Wastewater
2004	$ 984,688	$ 500,004
2005	1,298,146	635,212
2006	1,400,640	644,616
2007	2,982,804	842,806
2008*	1,799,483	505,939

* Unaudited, as of 9/30/08.

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

COMPENSATED ABSENCES

The City's accrued unfunded compensated absences liability is approximately $11.7 million as of September 30, 2007.

RISK MANAGEMENT

Property, liability, safety, workers' compensation and health and wellness insurance are accounted for in the Risk Management Fund, an internal service fund. Expenses of these programs in 2006/07 were $3,301,688 for property, liability and workers' compensation and $9,791,788 for employee health and wellness insurance.

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

The operating funds are charged premiums for property, liability, workers' compensation and employee health coverage by the Risk Management Fund. Employees pay for dependent health coverage independently. The incurred but unreported claims for these programs as of September 30, 2007 were $3,920,507.

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

FINANCIAL MANAGEMENT POLICIES

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

The policies which were originally approved by City Council resolution on February 9, 1988 and are updated annually address the following subjects: accounting, auditing, and financial reporting, internal controls, operating budget, capital budget and program, revenue management, expenditure control, asset management, financial condition and reserves, debt management, and staffing and training. Significant issues addressed by the policies include the following:

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

GENERAL FUND BALANCE . . . The City's goal is to maintain between 50 and 60 days of expenditures of the General Fund expenditures budget in the General Fund resources balance.

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

Use of Bond Proceeds, Grants, etc . . . The City policy is to use bond proceeds only for major assets with expected lives which equal or exceed the average life of the debt issue.

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

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

Tax Abatement . . . The City policy is to grant tax abatement for the development of new facilities or the expansion of existing facilities for which the life of the facility exceeds the life of the abatement. For properties not in an enterprise zone, total investment must exceed $5,000,000, total job creation must exceed 25 permanent positions, the abatement period may not exceed 10 years and the abatement percentage may not exceed 75%.

INVESTMENTS

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

Legal Investments . . . Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certificates of deposit issued by a depository institution that has its main office or a branch office in the State and that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or are secured as to principal by obligations described in the preceding clauses (1) through (6) or in any other manner and amount provided by law for City deposits, (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause (1), and are placed through a primary government securities dealer or a financial institution doing business in the State, (9) bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or an equivalent by at least one nationally recognized credit rating agency, (10) commercial paper that is rated at least A-1 or P-1 or an equivalent by either (a) two nationally recognized credit rating agencies or (b) 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, (11) no-load money market mutual funds regulated by the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of $1 for each share, (12) no-load mutual funds registered with the Securities and Exchange Commission that: have an average weighted maturity of less than two years; invests exclusively in obligations described in the preceding clauses; and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, (13) guaranteed investment contracts secured by obligations of the United States of America or its agencies and instrumentalities, other than the prohibited obligations described below.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Governmental bodies in the State are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

INVESTMENT POLICIES . . . Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

The City Manager designates the finance director as the City's investment officer. The finance director is responsible for the City's comprehensive cash management program, including the administration of the City's investment policies. The finance director is responsible for considering the quality and capability of staff involved in investment management and procedures. The finance director shall be responsible for authorizing investments and the cash and debt manager shall account for investments and pledged collateral in order to maintain appropriate internal controls. The accounting manager shall be responsible for recording investments on the accounting records. The internal audit staff shall review and audit the accounting records for compliance with these policies.

INVESTMENT COMMITTEE

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

Any three of the five Investment Committee members constitute a quorum. The cash and debt manager shall serve as chairman of the committee, and written record of Investment Committee meetings shall be maintained.

A. Authorized Investments

The City may invest in:

1. Obligations of the United States or its agencies and instrumentalities (except for mortgage pass-through securities.)

2. Repurchase agreements whose underlying collateral consists of U.S. Treasury bills or notes with a remaining maturity of three years or less.

3. Municipal Securities (State, city, county, school and road district general obligation or revenue bonds) (out-of-state bonds shall only be general obligation bonds) with a remaining maturity of three years or less which have received a rating from Fitch or Standard & Poor’s Ratings Services, a division of The McGraw – Hill Companies, Inc. ("S&P") of at least A or its equivalent.

4. Public Funds Investment Pool consisting of the above securities plus the following securities created under the Interlocal Cooperation Act which has entered into a contract approved (by resolution) by the City Council to provide investment services to the City.

   a. Commercial paper with a stated maturity of 90 days or less from the date of its issuance that either:

      is rated not less than A-1, P-1, or the equivalent by at least two nationally recognized credit rating agencies, or

      is rated at least A-1, P-1, or the equivalent by at least 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 thereof.

   b. Prime domestic bankers' acceptances meaning a bankers' acceptance with a stated maturity of 270 days or less from the date of its issuance that will be, in accordance with its terms, liquidated in full at maturity, that is eligible for collateral for borrowing from a Federal Reserve Bank, and that is accepted by a bank organized and existing under the laws of the United States or any state the short-term obligation of which (or of a bank holding company of which the bank is the largest subsidiary) is rated at least A-1, P-1, or the equivalent by at least one nationally recognized credit rating agency.

5. An SEC-registered, no-load money market mutual fund approved (by resolution) by the City Council with a dollar-weighted average portfolio maturity of 90 days or less whose assets consist exclusively of the obligations that are described in section 1-3 plus 4a and 4b and whose investment objectives include seeking to maintain a stable net asset value of $1 per share. By State law, the City is not authorized to invest in the aggregate more than 80% of its monthly average fund balance, excluding bond proceeds, in money market mutual funds described in this subsection or to invest its funds or funds under its control, excluding bond proceeds, in any one money market mutual fund in an amount that exceeds 20% of the total assets of the money market mutual funds.

6. Collateralized or insured certificates of deposit and other evidences of deposit at federally insured banks in the State.

The investment maturity schedule shall correspond with the City's projected cash flow needs. Remaining maturities on investments purchased shall be no longer than three years, except in the case of revenue bond reserve accounts which may be invested for longer terms with specific City Council approval by resolution. An average remaining maturity of 365 days or less shall be maintained on bond proceeds subject to arbitrage rebate restriction, and the total portfolio average remaining maturity shall not exceed one year.

B. Diversification

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:

	% Maximum
1. U.S. Treasury Bills and Notes	100
2. U.S. Agency or Instrumentality Obligations (each type)	25 *
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	50 **
8. Public Funds Investment Pool	50

* Total Agency investments limited to no more than 100% of the total portfolio.

** Limited by State law to 80% of monthly average fund balance, excluding bond proceeds.

C. Qualifying Institutions

Financial institutions (Federally insured banks) with and through which the City invests in certificates of deposit shall be located in the State of Texas. Broker/dealers through whom the City purchases U.S. Government securities may include only those dealers reporting to the Market Reports Division of the Federal Reserve Bank of New York, also known as the "primary government securities dealers" and First Southwest Company except that repurchase agreements shall not be executed through First Southwest Company. In addition, other regional brokers/dealers may be considered by the Investment Committee.

D. Collateral Securities for Certificates of Deposit and Demand Accounts

The City will accept as collateral for its certificates of deposit and demand accounts and other evidences of deposit the following securities:

- FDIC Coverage
- U.S. Treasury bills
- U.S. Treasury notes and bonds
- State, city, county, school, or road district general obligation or revenue bonds*, except that out-of-state bonds shall be limited to general obligation bonds
- City of Grand Prairie revenue bonds or general obligation bonds, time warrants, and certificates of obligation
- U.S. Government Agency and Instrumentality obligations (except for mortgage pass-through securities).

* The securities must be rated at least "A" by Fitch or S&P. Collateral consisting of out-of-state bonds shall be limited to 10% of the total collateral pledged by a financial institution.

Collateral securities shall have a remaining life of no more than five years. The securities shall be marked-to-market no less frequently than monthly, and the ratio of collateral market value to amount invested plus accrued interest shall be no less than 105%.

CURRENT INVESTMENTS . . . As of September 30, 2008 the following percentages of the City's investible funds were invested in the following categories of investments:

Type of Investment	%	Total Cost
TexPool and Money Market Funds	39.72%	$121,701,070
U.S. Treasury Bills and Notes	2.87%	8,804,089
Federal Agency and Instrumentality Notes	57.40%	175,878,530
	100.00%	$306,383,689

As of such date, in excess of 56.7% of the City's investment portfolio will mature within the next twelve months and the weighted average maturity of investments is 345 days. The longest maturity in the City's investment portfolio is a U.S. Treasury Security maturing August 25, 2011. The market value of the investment portfolio was approximately its book value.

TAX MATTERS

TAX EXEMPTION RELATING TO THE OBLIGATIONS. . . The delivery of the Obligations is subject to the opinions of Bond Counsel to the effect that interest on said Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. Forms of Bond Counsel's opinions are reproduced as Appendices C and D. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

Interest on all tax-exempt obligations, including the Obligations, owned by a corporation will be included in such corporation's adjusted current earnings for tax years beginning after 1989, for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, or a real estate mortgage investment conduit or a financial asset securitization investment trust (FASIT). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in certificates dated the date of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the City with the provisions of the applicable Ordinances subsequent to the issuance of the Obligations. The Ordinances contain covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested; the reporting of certain information to the United States Treasury and the rebate of arbitrage profits to the United States Treasury. Failure to comply with any of these covenants could cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "Service") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the Service. The Service has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the Service is likely to treat the City as the "taxpayer," and the owners would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN OBLIGATIONS . . . The initial public offering price of certain Obligations (the "Discount Obligations") may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an original purchaser in a different amount from the amount of the payment denominated as interest actually received by the original purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, property and casualty insurance companies, life insurance companies, S Corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement Benefits, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to tax-exempt obligations. Moreover, in the event of the sale or other taxable disposition of a Discount Obligation prior to stated maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Obligations and with respect to the state and local tax consequences of owning Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain stated maturities of the Obligations (the "Premium Obligations") may be greater than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Premium Obligation (assuming that a substantial amount of the Premium Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Obligation. The basis for federal income tax purposes of a Premium Obligation in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease in the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium that is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Obligations.

CONTINUING DISCLOSURE OF INFORMATION

In the respective Ordinances, the City has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors.

ANNUAL REPORTS. . . The City will provide certain updated financial information and operating data to certain information vendors annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 12 and in Appendix B. The City will update and provide this information within six months after the end of each fiscal year ending in or after 2008. The City will provide the updated information to each nationally recognized municipal securities information repository ("NRMSIR") approved by the staff of the United States Securities and Exchange Commission ("SEC") and to any state information depository ("SID") that is designated and approved by the State and by the SEC staff.

The City may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify each NRMSIR and any SID of the change.

The Municipal Advisory Council of Texas (the "MAC") has been designated by the State and approved by the SEC staff as a qualified SID. The address of the MAC is 600 West 8th Street, P.O. Box 2177, Austin, Texas 78768-2177, and its telephone number is 512/476-6947. The MAC has also received SEC approval to operate, and has begun to operate, a "central post office" for information filings made by municipal issuers, such as the City. A municipal issuer may submit its information filings with the central post office, which then transmits such information to the NRMSIRs and the appropriate SID for filing. This central post office can be accessed and utilized at www.DisclosureUSA.org ("DisclosureUSA"). The City may utilize DisclosureUSA for the filing of information relating to the Obligations, unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

MATERIAL EVENT NOTICES. . . The City will also provide timely notices of certain events to certain information vendors. The City will provide notice of any of the following events with respect to the Obligations, if such event is material to a decision to purchase or sell Obligations: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Obligations; (7) modifications to rights of holders of the Obligations; (8) Obligation calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations; and (11) rating changes. In addition, the City will provide timely notice of any failure by the City to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports." The City will provide each notice described in this paragraph to any SID and to either each NRMSIR or the Municipal Securities Rulemaking Board ("MSRB").

AVAILABILITY OF INFORMATION FROM NRMSIRS AND SID . . . The City has agreed to provide the foregoing information only to NRMSIRs and any SID. The information will be available to holders of Obligations only if the holders comply with the procedures and pay the charges established by such information vendors or obtain the information through securities brokers who do so.

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

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

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . The City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS FOR THE OBLIGATIONS

The Certificates/Bonds have been rated “AA” by Fitch and “AA+” by S&P, without regard to credit enhancements. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Obligations.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act, as amended, provides that the Obligations are (i) negotiable instruments, (ii) investment securities to which Chapter 8, Business and Commerce Code applies and (iii) legal and authorized investments for insurance companies, fiduciaries or trustees and sinking funds of municipalities or other political subdivisions or public agencies of the State. The Texas Finance Code also contains provisions that, subject to the prudent investor standard, provide for the Obligations to be legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. For the Obligations to be eligible investments for municipalities, political subdivisions or public agencies of the State, the Public Funds Investment Act, V.T.C.A., Government Code, Chapter 2256, as amended, provides a rating of not less than "A" or its equivalent as to investment quality must be assigned by a national rating agency. Furthermore, the Obligations are eligible to secure the deposits of any public funds of the State, its agencies and its political subdivisions and are legal security for those deposits to the extent of their market value.

Additionally, the Certificate of Obligation Act of 1971 (V.T.C.A., Local Government Code, Section 271.051, et. seq., as amended) expressly provides that certificates approved by the Attorney General of Texas are legal authorized investments for banks, savings banks, trust companies, and savings and loan associations; insurance companies; fiduciaries, trustees and guardians and sinking funds of municipalities, counties, school districts, or other political corporations or subdivisions of the State.

No representation is made that the Obligations will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Obligations for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Obligations for such purposes.

LEGAL MATTERS

The delivery of the Obligations is subject to the approval of the Attorney General of Texas to the effect that the Obligations are valid and legally binding obligations of the City payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City in the manner and to the extent provided in the Ordinances and the approving legal opinions of Bond Counsel, and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations. Forms of Bond Counsel’s opinions are attached hereto as Appendix C and D. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations. The legal opinions of Bond Counsel will accompany the Obligations deposited with DTC or will be printed on the definitive Obligations in the event of the discontinuance of the Book-Entry-Only System. Certain matters will be passed on for the Underwriters by West & Associates, L.L.P., San Antonio, Texas. The fee of West & Associates, L.L.P., as Counsel to the Underwriters, is contingent upon the sale and delivery of the Obligations.

Bond Counsel was engaged by, and only represents, the City. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions “THE OBLIGATIONS” (except under the subcaptions “Book-Entry-Only System”, “Obligationholders’ Remedies” and “Sources and Uses of Proceeds”), “TAX MATTERS,” “CONTINUING DISCLOSURE OF INFORMATION” (except under the subcaption “Compliance With Prior Undertakings”), and the subcaptions “OTHER INFORMATION - Legal Matters (except for the last two sentences of the first paragraph thereof)”, “OTHER INFORMATION - Registration and Qualification of Obligations for Sale” and “OTHER INFORMATION - Legal Investments And Eligibility To Secure Public Funds In Texas,” and such firm is of the opinion that the information relating to the Obligations and legal matters contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Obligations, such information conforms to the Ordinances.

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

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

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

FINANCIAL ADVISOR

First Southwest Company is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. First Southwest Company, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the City for the investment of certificate proceeds or other funds of the City upon the request of the City.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

UNDERWRITERS FOR THE BONDS

The senior managing Underwriter of the Bonds is RBC Capital Markets Corporation. The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at an underwriting discount of $60,202.66. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

UNDERWRITERS FOR THE CERTIFICATES

The senior managing Underwriter of the Certificates is RBC Capital Markets Corporation. The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at an underwriting discount of $161,287.88. The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates and such public offering prices may be changed, from time to time, by the Underwriters.

MISCELLANEOUS

The respective Ordinances will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Underwriters.

/s/ CHARLES ENGLAND
Mayor
City of Grand Prairie, Texas

ATTEST:
/s/ CATHY DIMAGGIO
City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

LOCATION

The City of Grand Prairie, Texas (the "City"), is centrally located amid the estimated 6 million people in the Dallas/Fort Worth Area. The community, with an estimated population of 166,650 (January 2008), stretches 28 miles long by about eight miles at its widest point. The City covers about 80 square miles.

TRANSPORTATION

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

- IH 20: an eight-lane east-west expressway that passes through south of the City, linking the City to Dallas and Fort Worth. West of Fort Worth, IH 20 leads to Abilene and Odessa. Eastward destinations on IH 20 are Tyler, Longview and Shreveport, La.

- IH 30: a six-lane east-west expressway that passes through north of the City and also links the City to Dallas and Fort Worth. IH 30 links to IH 20 in west Fort Worth. Eastward destinations on IH 30 are Greenville, Texarkana and Arkansas.

- SH 360: a six-lane north-south expressway running along the western edge of the city, a key route to Dallas-Fort Worth International Airport.

- SH 161: a four and six-lane north-south tollway to run 10.5 miles through Grand Prairie from the northern City limits to I-20. The frontage of the highway is under construction.

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

The Dallas/Fort Worth International Airport, the 3rd largest airport in the world in terms of operations (7th in terms of passengers), lies about five miles north of the City's northern border. It serves 60 million passengers and provides nonstop service to 176 domestic and international destinations (www.dfwairport.com).

POPULATION

Population reached 166,650 as of January 1, 2008, a 3.2 percent increase over the previous year. From the 1990 Census to the 2000 Census, the City's population increased 27.9 percent.

DEMOGRAPHICS

2006 Census estimates of the City racial breakdown were 61.5 percent white, 15.2 percent black, 5.8 percent Asian and Pacific Islander, 2.6 percent American Indian and Alaska native, 2 percent two or more races, and the remaining 13 percent other races.

About 41.0 percent of the population was estimated to be of Hispanic origin in 2006.

In the 1990 Census, the composition was 75.8 percent white, 9.7 percent black, 0.8 percent American Indian, Eskimo or Aleut, 3 percent Asian or Pacific Islander and 10.7 percent other race. Of these, 20.5 percent were of Hispanic origin.

Age distribution estimates of residents, according to the 2000 Census, are 58.0 percent ages 20 and older, 5.0 percent older than 64, and 42.0 percent younger than 20.

The 2006 median household income is estimated to be $50,131 (*American Community Survey Census*).

INDUSTRIAL BASE

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

INDUSTRY PROFILE, 2008

Industry	Percent of Total gross sales
Construction	6.2%
Finance, Insurance	0.1%
Manufacturing	33.5%
Retail	22.7%
Other Services (Ex Public Administration)	1.7%
Transportation, Warehousing	0.5%
Wholesale Trade	21.0%
Ag, forestry, fishing	0.0%
Other	0.0%
Mining	0.2%
Utilities	0.0%
Information	0.4%
Real Estate, Rental, Leasing	4.1%
Professional, Scientific, Tech Svcs	0.9%
Management of Companies, Enterprises	1.0%
Administrative, Support, Waste Mgmt, Remediation Svcs	1.4%
Educational Services	0.2%
Health Care, Social Assistance	0.4%
Arts, Entertainment, Recreation	0.9%
Accommodation, Food Services	5.1%

Source: Texas Comptroller.

LABOR FORCE

The City's Household Employment Annual Averages

Year	Civilian Labor Force	Employment	Unemployment	Unemployment Rate
1998	63,171	60,926	2,245	3.6%
1999	64,159	61,989	2,170	3.4%
2000	68,808	66,020	2,788	4.1%
2001	66,516	63,101	3,415	5.1%
2002	66,450	61,575	4,875	7.3%
2003	66,622	61,814	4,808	7.2%
2004	69,182	64,450	4,732	6.8%
2005	72,415	68,558	3,857	5.3%
2006	75,964	72,251	3,713	4.9%
2007	76,570	73,252	3,318	4.3%
2008 (1)	77,734	74,092	3,643	4.7%

Source: Texas Workforce Commission.
(1) 2008 figures collected as of 9/30/2008.

EMPLOYERS

Company	Product-Service	Estimated Employees
Grand Prairie ISD	Administration of Education Programs	3,200
Lockheed Martin Missiles and Fire Control	Research & Development in the Physical, Engineering & Sciences	2,600
Poly-America Inc	Unsupported Plastics Packaging Firm and Sheet Manufacturing	1,400
Bell Helicopter-Textron	Aircraft Manufacturing	1,300
Lone Star Park at Grand Prairie*	Racetracks	1,200
City of Grand Prairie	Public Administration	1,200
Vought Aircraft Industries, Inc.**	Aircraft Engine and Engine Parts Manufacturing	700
Siemens Energy & Automation	Switchgear and Switchboard Apparatus Manufacturing	600
Hanson Pipe & Products	Concrete Pipe Manufacturing	500
Wal-Mart	Warehouse, Clubs and Superstores	500
American Eurocopter	Aircraft Manufacturing	500
Pollock Paper Distributors	Corrugated and Solid Fiber Box Manufacturing	500
Arnold Transportation	General Freight Trucking	500
SAIA Motor Freight Line Inc	General Freight Trucking, Long-Distance, Truckload	500
VIP Printing	Commercial Lithographic Printing	400
Turborneca Engine Corp	Aircraft Engine and Engine Parts Manufacturing	400
Vecta Contract	Office Furniture Manufacturing	300
Printpak	Unsupported Plastics Packaging Firm and Sheet Manufacturing	300
Hampson Tekstars	Aerospace product and parts manufacturing	300

*Seasonal, part-time and full-time employment.
**Formerly Northrop Grumman.

RECREATION

Recreational facilities include the 7,500-acre Joe Pool Lake, championship-level Tangle Ridge Golf Club, Lone Star Park at Grand Prairie and more than 52 public parks on 4,900 acres.

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

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

- One of three Class 1 horse-racing tracks in Texas, Lone Star Park at Grand Prairie opened for live races in April 1997. The track's simulcast pavilion opened in mid-1996.

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

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

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

EDUCATION

Six public universities and eight independent universities, including health related education facilities, in the region totaled enrollment of 122,093 in 2006 (Texas Higher Education Coordinating Board). The universities, among them University of Texas campuses (Arlington and Dallas), offer programs from engineering to business and degrees from bachelor's to medical doctorates.

The Dallas and Tarrant counties public community colleges - the nearest of them Mountain View in Dallas, North Lake in Irving, Cedar Valley in Lancaster, the Southeast campus of Tarrant County College in Arlington, and El Centro in Dallas - counted 101,718 students in 2006 (Texas Higher Education Coordinating Board). Additionally, three technically oriented post-secondary schools are within 30 minutes of the City.

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

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

GPISD comprises 25 elementary, seven middle, two ninth grade centers, two senior high and one alternative education schools. Students whose residences are on the Dallas County side of the City attend GPISD (GPISD's alternative campuses cover grades 9-12).

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

APPENDIX B

EXCERPTS FROM THE

CITY OF GRAND PRAIRIE, TEXAS

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2007

The information contained in this Appendix consists of excerpts from the City of Grand Prairie, Texas Annual Financial Report for the Fiscal Year Ended September 30, 2007, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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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, 2007, 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 25, 2008 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, 2007, 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 and 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

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AN INDEPENDENT MEMBER OF
BAKER TILLY
INTERNATIONAL

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 25, 2008

MANAGEMENT'S DISCUSSION & ANALYSIS

CITY OF GRAND PRAIRIE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2007
(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, 2007. 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, 2007 by $539,926,583. Of this amount, $146,220,020 may be used to meet the government's ongoing obligations to citizens and creditors *(unrestricted net assets)*.
- The City's net assets increased by $55,555,280 for the fiscal year ended September 30, 2007. Capital contributions from private developers for improvements to the City's infrastructure accounted for $9,294,966 or 16.7% of the increase in city net assets.
- The City's governmental funds reported combined ending fund balances of $122,278,703 at September 30, 2007, an increase of $35,426,593 in comparison with prior year combined fund balances. Of the governmental funds reported combined fund balances, $112,290,816 or 91.8% is available for spending within City guidelines *(unreserved fund balance)*.
- The City's unreserved fund balance for the general fund was $24,474,441 at year end or 31.3% of total general fund expenditures for the reported fiscal year.
- The City's total long-term liabilities of $264,508,085 increased by $18,300,839 or 7.4% during the reported fiscal year. In fiscal year 2007, the City issued general obligation, certificates of obligation, water and wastewater revenue, and TIF-related certificates of obligation bonds totaling a combined $28,085,000.

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 $539,926,583 at year end. The City had total assets at year end of $828,861,265. The City's pooled cash and investments totaling $187,154,751 and capital assets (e.g., land, buildings, equipment, infrastructure, and construction in progress), net of accumulated depreciation totaling $623,070,251 represented 22.6% and 75.2%, 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 $384,697,516 and represented 71.2% of the City's total net assets at year end. The City uses its capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Table 1 below is a summary of the City's net assets at year end compared to the prior year.

Table 1

Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	9/30/2006	9/30/2007	9/30/2006	9/30/2007	9/30/2006	9/30/2007
Cash & investments	$ 88,878,475	$ 131,277,131	$ 55,320,722	$ 55,877,620	$ 144,199,197	$ 187,154,751
Other assets	12,203,911	12,423,781	5,244,111	6,212,483	17,448,022	18,636,264
Capital assets, net	406,669,889	426,341,023	185,220,693	196,729,228	591,890,582	623,070,251
Total assets	507,752,275	570,041,935	245,785,526	258,819,331	753,537,801	828,861,266
Current liabilities	16,118,593	22,247,674	9,896,573	6,597,928	26,015,166	28,845,602
Long-term bonded debt	173,729,702	185,791,917	59,094,071	62,458,824	232,823,773	248,250,741
Other noncurrent liabilities	7,594,665	6,955,307	2,732,894	4,883,033	10,327,559	11,838,340
Total liabilities	197,442,960	214,994,898	71,723,538	73,939,785	269,166,498	288,934,683
Net assets:						
Invested in capital assets, net of related debt	255,230,188	250,427,112	133,275,493	134,270,404	388,505,681	384,697,516
Restricted	3,034,411	5,260,954	3,671,913	3,748,093	6,706,324	9,009,047
Unrestricted	52,044,716	99,358,971	37,114,582	46,861,049	89,159,298	146,220,020
Total net assets	$ 310,309,315	$ 355,047,037	$ 174,061,988	$ 184,879,546	$ 484,371,303	$ 539,926,583

A portion of the City's net assets totaling $9,823,817 or 1.8% 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 $55,555,280 in fiscal year 2007. As previously mentioned, $9,294,966 or 16.7% 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 2007 compared to fiscal 2006 changes in the City's net assets were as follows:

Table 2

Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	9/30/06	**9/30/07**	**9/30/06**	**9/30/07**	**9/30/06**	**9/30/07**
Revenues:						
Program revenues:						
Charges for services	$ 28,449,951	$ 25,399,502	$ 57,886,611	$ 57,066,591	$ 86,336,562	$ 82,466,093
Operating grants and contributions	33,141,279	48,052,791	737,536	1,668,944	33,878,815	49,721,735
Capital grants and contributions	8,409,834	14,027,960	4,172,710	8,109,411	12,582,544	22,137,371
General revenues:						
Property tax	54,462,317	61,443,459	-	-	54,462,317	61,443,459
Sales tax	29,289,416	31,919,487	-	-	29,289,416	31,919,487
Other tax	1,299,365	1,344,762	-	-	1,299,365	1,344,762
Franchise fees	15,658,628	11,375,535	305,907	-	15,964,535	11,375,535
Investment income	4,735,009	7,573,850	1,685,867	2,549,696	6,420,876	10,123,546
Other	71,784	-	-	-	71,784	-
Total revenues	175,517,583	201,137,346	64,788,631	69,394,642	240,306,214	270,531,988
Expenses:						
Support services	16,076,516	22,481,067	-	-	16,076,516	22,481,067
Public safety	57,826,788	70,124,744	-	-	57,826,788	70,124,744
Recreation and leisure	15,606,279	19,168,072	-	-	15,606,279	19,168,072
Development and other services	50,642,965	38,630,596	-	-	50,642,965	38,630,596
Interest on long-term debt	7,659,557	8,421,424	-	-	7,659,557	8,421,424
Water and wastewater	-	-	39,746,718	40,211,646	39,746,718	40,211,646
Municipal golf course	-	-	3,390,562	3,295,065	3,390,562	3,295,065
Solid waste	-	-	7,320,755	9,599,260	7,320,755	9,599,260
Municipal airport	-	-	2,156,251	2,010,376	2,156,251	2,010,376
Storm water utility	-	-	829,867	1,034,458	829,867	1,034,458
Total expenses	147,812,105	158,825,903	53,444,153	56,150,805	201,256,258	214,976,708
Increase in net assets before transfers	27,705,478	42,311,443	11,344,478	13,243,837	39,049,956	55,555,280
Transfers	2,128,239	2,426,279	(2,128,239)	(2,426,279)	-	-
Change in net assets	29,833,717	44,737,722	9,216,239	10,817,558	39,049,956	55,555,280
Net assets - beginning of year	280,475,598	310,309,315	164,845,749	174,061,988	445,321,347	484,371,303
Net assets - end of year	$ 310,309,315	$ 355,047,037	$ 174,061,988	$ 184,879,546	$ 484,371,303	$ 539,926,583

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 9/30/06	Fiscal Year 9/30/07	Increase (Decrease)
Governmental activities:			
Property taxes	$ 54,462,317	$ 61,443,459	$ 6,981,142
Sales taxes	29,289,416	31,919,487	2,630,071
Other taxes	1,299,365	1,344,762	45,397
Franchise fees	15,658,628	11,375,535	(4,283,093)
Investment income	4,735,009	7,573,850	2,838,841
Other	71,784	-	(71,784)
Total governmental activities	105,516,519	113,657,093	8,140,574
Business-type activities:			
Franchise fees	305,907	-	(305,907)
Investment income	1,685,867	2,549,696	863,829
Total business-type activities	1,991,774	2,549,696	557,922
Total general revenues	$ 107,508,293	$ 116,206,789	$ 8,698,496

The City's $3,702,670 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 $6,981,142 due primarily to a 8.9% increase in net taxable assessed property values. Sales tax revenue increased $2,630,071 due to a state reallocation of prior years' sales tax payments. Franchise fee revenue decreased $4,589,000 because of decreased gross revenues of payors . Other revenues decreased $71,784 due to an accounting reclassification to other operating revenue accounts.

Governmental activities. Net assets for governmental activities increased by $44,737,722, thereby accounting for 80.5% of the total increase in the government's net assets. Of the increase, contributions of infrastructure by private developers to the city represented 11.4%. An increase in governmental general revenues (excludes operating transfers) compared to prior fiscal year represented 18.3% 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 $14,911,512 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 $5,618,126 increase 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 $10,817,558, accounting for 19.8 percent of the total growth in the primary government's net assets. Of the increase, contributions by private developers to the City's water and wastewater system infrastructure represented $4,283,801 or 39.6 percent. Table 2 summarizes the changes in business-type activities net assets.

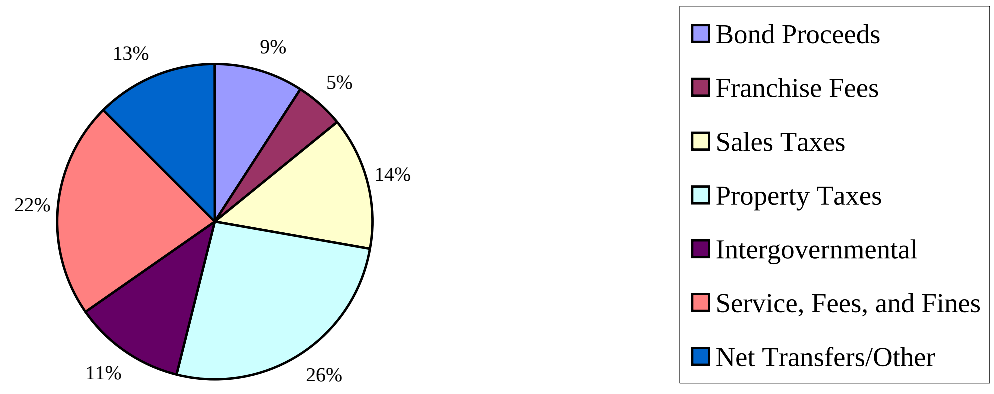
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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.

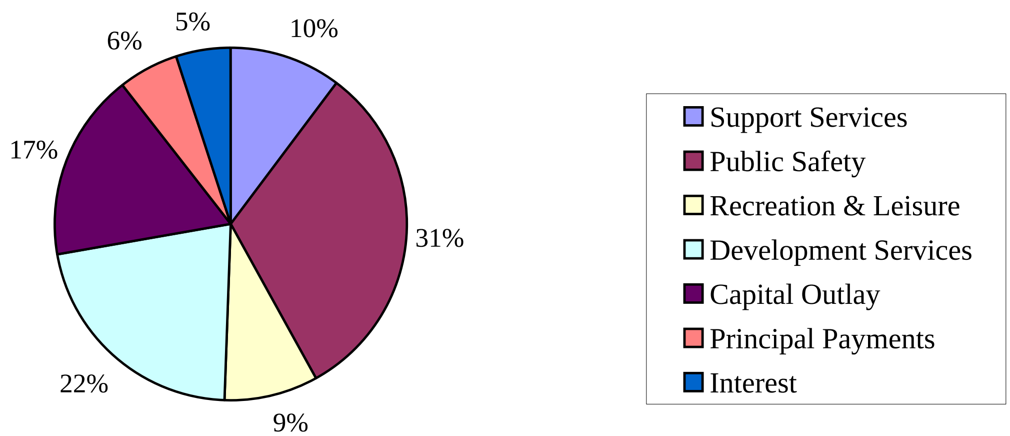
For fiscal year 2007, the City's governmental funds (excluding internal service funds) reported combined ending fund balances of $122,278,703, an increase of $35,426,593 in comparison with the prior year. The unreserved fund balance portion is 91.8% and is available for spending at the government's discretion. 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 - $3,912,163, and 2) to pay debt service - $6,075,724. Figures 1 and 2 that follow show the distribution of governmental funds sources of revenues - $234,326,733 and expenditures - $198,900,140 respectively, for fiscal year 2007.

Figure 1 - Governmental Funds Sources of Revenues



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

Figure 2 - Governmental Funds Expenditures



The General Fund is the chief operating fund of the City. At the fiscal year end, unreserved fund balance of the General Fund was $24,474,441, while total fund balance was $25,452,473. 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 31.3% of total general fund expenditures, while total fund balance represents 32.5% of that same amount. The City's General Fund balance increased by $452,575 in fiscal year 2007.

Fund balances of several other governmental funds changed significantly. Fund balances of the Park Venue Fund and Street Improvements Fund increased by $1,616,066 and $7,458,208, respectively, due to operating transfers. Section 8 Fund saw an increase in fund balance due to increased HUD funding and Debt Service Fund increased by $1,747,035 due to increased property tax revenue. The fund balance of the nonmajor governmental funds increased by $24,033,841 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 $184,076,782 and $4,480,083, respectively at September 30, 2007. The City's internal service funds reported a gain before transfers and capital contributions of $1,055,505. The enterprise funds' amount invested in capital assets, net of related debt represented 72.9% of total enterprise funds net assets. The enterprise funds unrestricted net assets were 25.1% of total enterprise funds net assets. The internal service funds' amount invested in capital assets, net of related debt represented 21% of total internal service funds' net assets. The internal service funds unrestricted net assets were 79% 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 $83,779,113 and expenses of $73,763,172 (excluding transfers and capital contributions) by activity.

Figure 3 - Proprietary Funds Revenues by Activity

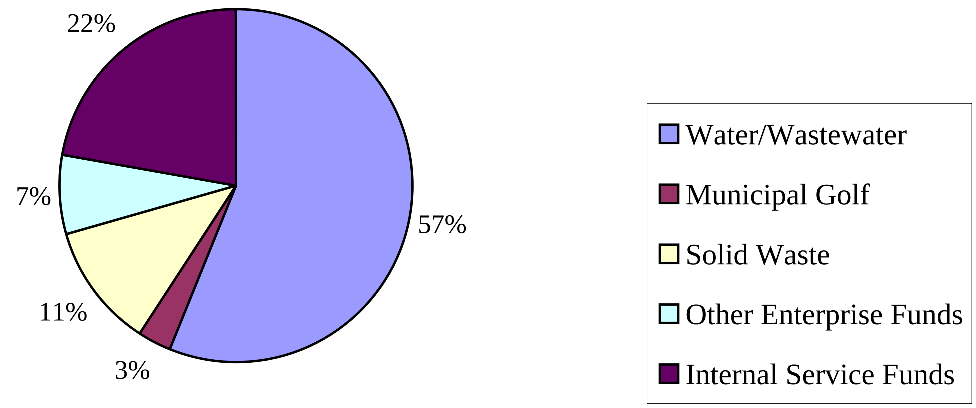
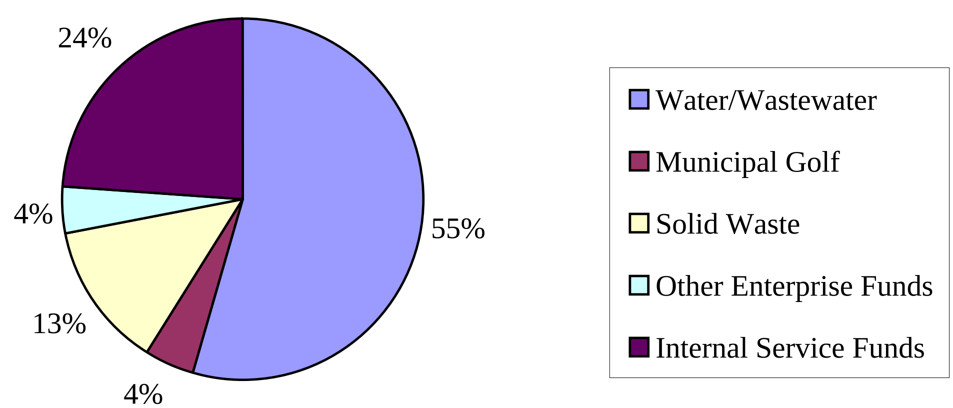


Figure 4 - Proprietary Fund Expenses by Activity



General Fund Budgetary Highlights

During the year there was a $340,023 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 $2,679,921. Expenditures were under budgetary estimates by $1,162,958. The fund realized an increase in fund balance of $452,575 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 $623,070,251. 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 $31,179,669 in fiscal year 2007.

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

- Private developer capital contributions of $4,283,801 to the City's streets, water, sewer, and drainage infrastructure in connection with various residential and commercial developments.

- Capital outlay totaling $1,150,087 for improvement of the City's parks and recreation facilities. Improvements were made to park facilities.

- Capital outlay totaling $8,650,775 for improvements to various streets, sidewalks, entryways, pedestrian pathways and intersections in the City.

- Water and wastewater capital improvements totaling $20,161,706

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	
	9/30/06	9/30/07	9/30/06	9/30/07	9/30/06	9/30/07
Land	$ 19,929,001	$ 24,953,662	$ 3,251,674	$ 3,251,674	$ 23,180,675	$ 28,205,336
Construction in progress	114,506,640	112,131,145	31,925,908	38,757,123	146,432,548	150,888,268
Depreciable capital assets	425,248,787	460,910,356	244,774,628	259,858,455	670,023,415	720,768,811
Accumulated depreciation	(153,014,539)	(171,654,140)	(94,731,517)	(105,138,024)	(247,746,056)	(276,792,164)
Total capital assets, net	$ 406,669,889	$ 426,341,023	$ 185,220,693	$ 196,729,228	$ 591,890,582	$ 623,070,251

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

Long-term debt. At September 30, 2007, 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	
	9/30/06	**9/30/07**	**9/30/06**	**9/30/07**	**9/30/06**	**9/30/07**
Bonded debt	173,729,702	$ 185,791,917	$ 59,094,071	$ 62,458,824	$ 232,823,773	$ 248,250,741
Accrued compensated absences	10,433,011	11,340,991	269,617	320,014	10,702,628	11,661,005
Closure and post closure liability	-	-	2,680,845	4,596,339	2,680,845	4,596,339
Total long-term debt	$ 184,162,713	$ 197,132,908	$ 62,044,533	$ 67,375,177	$ 246,207,246	$ 264,508,085
Long-term debt to net assets percentage	59%	56%	36%	36%	51%	49%

Of the total bonded debt, $166,443,220 or 67% 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 $28,085,000 in new bonded debt and repaid principal on bonds totaling $12,921,780. The City's interest expense on its bonded debt was $11,076,231 for the reported fiscal year.

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

	Moody's	Fitch IBCA
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 2008 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 4.4% which is typical for cities in the region.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2008:

- An increase in property tax assessed values for a twelfth consecutive year resulting in additional budgeted property tax revenues of $6,207,010. The City's net taxable assessed property values increased by 11.2% to $9,209,069,370 for fiscal 2007 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 7.3% 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 2007 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 2008 is $189,890,014 an increase of $14,143,039 or 7.4% as compared to prior fiscal year original budget. The general fund approved appropriations for fiscal year 2008 is $95,502,679, an increase of $6,310,788 or 6.6% from prior year. The remaining change in total budgeted operating appropriations and reserves include increases of $2,105,715 in the Park Venue Operating Fund, $368,265 in the Solid Waste Fund, $2,014,530 in the Water Wastewater Fund and $89,159 in the Cable Fund. In addition, the City has approved an increase in debt service appropriations of $1,695,331.

The City's total approved planned capital projects for fiscal year 2008 includes $60,751,457 in appropriation requests. The fiscal year 2008 planned capital projects includes $21,610,476 for water and wastewater improvements, $18,916,992 in street and signal improvements, $200,000 in parks improvements and $1,600,000 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.

BASIC FINANCIAL STATEMENTS

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

	Primary Government			GRAND PRAIRIE SPORTS FACILITIES DEVELOPMENT	GRAND PRAIRIE HOUSING FINANCE CORPORATION
ASSETS	Governmental Activities	Business-Type Activities	Total		
Current assets:					
Cash and cash equivalents	$ 9,996,933	$ 4,227,353	$ 14,224,286	$ 10,588,955	$ 330,997
Investments	21,732,438	45,776,186	67,508,624	-	-
Receivables (net of allowance for uncollectibles):					
Property tax	1,119,326	-	1,119,326	-	-
Franchise fees	2,174,680	-	2,174,680	-	-
Sales tax	5,650,939	-	5,650,939	1,883,647	-
Other receivables	1,951,643	4,384,181	6,335,824	195,353	38,529
Due from other governments	1,047,151	-	1,047,151	-	
Internal balances	(802,764)	802,764	-	-	-
Inventories and supplies	264,666	425,288	689,954	-	-
Current restricted assets:					
Cash and cash equivalents	22,802,586	38,661	22,841,247	-	1,367,539
Investments	76,745,174	5,835,420	82,580,594	-	-
Total current assets	142,682,772	61,489,853	204,172,624	12,667,955	1,737,065
Noncurrent assets:					
Lease payments receivable	-	-	-	15,998,022	-
Deferred charges	1,018,140	600,250	1,618,390	-	-
Estimated unguaranteed residential value	-	-	-	64,722,630	-
Capital assets:					
Land	24,953,662	3,251,674	28,205,336	-	1,612,851
Buildings	62,313,227	7,375,577	69,688,804	-	21,617,248
Equipment	58,436,464	21,298,666	79,735,130	-	-
Infrastructure	340,160,665	231,184,212	571,344,877	-	-
Construction in progress	112,131,145	38,757,123	150,888,268	-	-
Less accumulated depreciation	(171,654,140)	(105,138,024)	(276,792,164)	-	(5,146,445)
Total noncurrent assets	427,359,163	197,329,478	624,688,641	80,720,652	18,083,654
Total assets	570,041,935	258,819,331	828,861,265	93,388,607	19,820,719
LIABILITIES					
Current liabilities:					
Accounts payable	3,970,584	745,203	4,715,787	5,226	136,638
Accrued liabilities	12,875,926	3,371,928	16,247,854	-	534,488
Unearned revenue	1,015,480	166,619	1,182,099	-	-
Customer deposits	-	2,280,858	2,280,858	-	48,384
Noncurrent liabilities:					
Due within one year:					
Accrued compensated absences	4,385,684	33,320	4,419,004	-	-
Current portion of long term debt	10,093,067	3,448,522	13,541,589	-	217,360
Due in more than one year:					
Accrued compensated absences	6,955,307	286,694	7,242,001	-	-
Closure and postclosure liability	-	4,596,339	4,596,339	-	-
Construction loan payable	-	-	-	-	3,299,095
Long term debt	175,698,850	59,010,302	234,709,152	-	13,730,000
Total liabilities	214,994,898	73,939,785	288,934,683	5,226	17,965,965
Invested in capital assets (net of related debt)	250,427,112	134,270,404	384,697,516	-	1,531,760
Restricted for:					
Debt service	5,260,954	3,748,093	9,009,047	-	90,106
Facility lease	-	-	-	80,901,461	-
Unrestricted	99,358,971	46,861,049	146,220,020	12,481,920	232,888
Total net assets	$ 355,047,037	$ 184,879,546	$ 539,926,583	$ 93,383,381	$ 1,854,754

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

		Program Revenues		
FUNCTIONS/ACTIVITY	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
Support services	$ 22,481,067	$ 11,369,944	$ 1,198,320	$ -
Public safety services	70,124,744	5,453,931	3,049,540	-
Recreation and leisure services	19,168,072	4,843,898	-	-
Development services and other	38,630,596	3,731,729	43,804,931	14,027,960
Interest on long-term debt	8,421,424	-	-	-
Total governmental activities	158,825,903	25,399,502	48,052,791	14,027,960
Business-type activities:				
Water and wastewater	40,211,646	41,221,192	-	8,109,411
Municipal golf course	3,295,065	2,637,807	-	-
Solid waste	9,599,260	9,023,648	-	-
Municipal airport	2,010,376	1,492,202	1,668,944	-
Storm water	1,034,458	2,691,742	-	-
Total business-type activities	56,150,805	57,066,591	1,668,944	8,109,411
Total primary government	$ 214,976,708	$ 82,466,093	$ 49,721,735	$ 22,137,371
Component units:				
Grand Prairie Sports Facilities Development	3,974,639	1,683,578	-	(875,193)
Grand Prairie Housing Finance Corporation	5,533,278	3,711,527	-	-
Component units:	$ 9,507,917	$ 5,395,105	$ -	$ (875,193)

General revenues:
Taxes:
Property tax
Sales tax
Hotel/motel tax and other taxes
Franchise fees base on gross receipt
Investment income
Transfers
Total general revenues and transfers
Change in net assets
Net assets - beginning of year
Net assets - end of year

See accompanying notes to basic financial statements.

(Continued)

Net (Expense) Revenue and Changes in Net Assets Primary Government: Governmental Activities	Business-Type Activities	Total	GRAND PRAIRIE SPORTS FACILITIES DEVELOPMENT	GRAND PRAIRIE HOUSING FINANCE CORPORATION
$ (9,912,803)	$ -	$ (9,912,803)	$ -	$ -
(61,621,273)	-	(61,621,273)	-	-
(14,324,174)	-	(14,324,174)	-	-
22,934,024	-	22,934,024	-	-
(8,421,424)	-	(8,421,424)	-	-
(71,345,650)	-	(71,345,650)	-	-
-	9,118,957	9,118,957	-	-
-	(657,258)	(657,258)	-	-
-	(575,612)	(575,612)	-	-
-	1,150,770	1,150,770	-	-
-	1,657,284	1,657,284	-	-
-	10,694,141	10,694,141	-	-
(71,345,650)	10,694,141	(60,651,509)	-	-
			(3,166,254)	-
			-	(1,821,751)
			(3,166,254)	(1,821,751)
61,443,459	-	61,443,459	-	-
31,919,487	-	31,919,487	10,953,969	-
1,344,762	-	1,344,762	-	-
11,375,535	-	11,375,535	-	-
7,573,850	2,549,696	10,123,546	537,927	44,570
2,426,279	(2,426,279)	-	-	-
116,083,372	123,417	116,206,789	11,491,896	44,570
44,737,722	10,817,558	55,555,280	8,325,642	(1,777,181)
310,309,315	174,061,988	484,371,303	85,057,739	3,631,935
$ 355,047,037	$ 184,879,546	$ 539,926,583	$ 93,383,381	$ 1,854,754

(Concluded)

CITY OF GRAND PRAIRIE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	General	Park Venue	Section 8	Street Improvements	Debt Service
ASSETS					
Cash and cash equivalents	$ 5,322,906	$ 476,443	$ 2,167,734	$ 54,437	$ 1,064,569
Investments	18,829,976	11,296,550	1,976,739	20,890,557	3,956,052
Property tax receivable	814,432	-	-	-	304,894
Sales tax receivable	3,767,293	941,823	-	-	-
Franchise fees receivable	2,174,680	-	-	-	-
Other receivables	5,367	44,802	-	-	-
Due from other governments	-	-	-	-	-
Total assets	$ 30,914,654	$ 12,759,618	$ 4,144,473	$ 20,944,994	$ 5,325,515
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 1,434,572	$ 937,701	$ 11,445	$ 318,876	$ 1,327
Accrued liabilities	3,456,775	323,242	39,981	682,600	498
Deferred revenue	570,834	16,400	876,918	-	237,047
Total liabilities	5,462,181	1,277,343	928,344	1,001,476	238,872
Fund Balance:					
Reserved for:					
Encumbrances	978,032	-	-	-	-
Bond debt service	-	-	-	-	5,086,643
Unreserved, designated for:					
Capital projects	-	-	-	19,943,518	-
Unreserved, undesignated in:					
General Fund	24,474,441	-	-	-	-
Special Revenue Funds	-	11,482,275	3,216,129	-	-
Total fund balance	25,452,473	11,482,275	3,216,129	19,943,518	5,086,643
Total liabilities and fund balance	$ 30,914,654	$ 12,759,618	$ 4,144,473	$ 20,944,994	$ 5,325,515

(Continued)

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
$ 18,813,403	$ 27,899,492
38,625,276	95,575,150
-	1,119,326
941,823	5,650,939
-	2,174,680
1,901,474	1,951,643
1,047,151	1,047,151
$ 61,329,127	$ 135,418,381
$ 1,038,630	$ 3,742,551
3,070,670	7,573,766
122,162	1,823,361
4,231,462	13,139,678
2,934,131	3,912,163
989,081	6,075,724
16,391,350	36,334,868
-	24,474,441
36,783,103	51,481,507
57,097,665	122,278,703
$ 61,329,127	$ 135,418,381

(Concluded)

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CITY OF GRAND PRAIRIE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

Total fund balance - total governmental funds		$ 122,278,703
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 $927,262.		425,413,763
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.		807,881
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.		(1,051,817)
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).		3,677,419
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. These noncurrent liabilities are as follows:		
General obligation bonds	$ (70,284,620)	
Certificates of obligation	(86,119,781)	
Sales tax revenue bonds	(29,540,000)	
Unamortized bond issuance costs	1,018,140	
Unamortized bond premium/discount, net, and loss on refunding	152,484	
Compensated Absences	(11,305,135)	(196,078,912)
Net assets of governmental activities		$ 355,047,037

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, 2007

	General	Park Venue	Section 8	Street Improvements	Debt Service Fund
REVENUE					
Property tax	$ 37,907,961	$ -	$ -	$ -	$ 14,866,875
Sales tax	20,965,517	5,476,985	-	-	-
Other taxes	246,717	-	-	-	-
Franchise fees	11,375,535	-	-	-	-
Charges for goods and service	4,520,543	2,122,867	-	-	-
Licenses and permits	2,678,297	-	-	-	-
Fines and forfeitures	5,232,676	-	-	-	-
Special assessments	-	-	-	-	-
Intergovernmental revenue	697,385	-	20,670,636	-	-
General and administrative revenue	2,504,081	-	-	-	-
Investment income	1,268,309	726,985	59,894	847,003	318,901
Contributions	-	14,031	-	-	-
Other	626,950	120	133,111	222,931	-
Total revenue	88,023,971	8,340,988	20,863,641	1,069,934	15,185,776
EXPENDITURES					
Current operations:					
Support services	10,058,549	-	-	-	20,000
Public safety services	52,462,808	-	-	-	-
Recreation and leisure services	1,899,944	10,520,045	-	-	-
Development services and other	13,018,662	-	20,360,270	272,858	-
Capital outlay	764,017	1,150,087	252,317	8,650,775	-
Debt service:					
Principal retirement	-	1,128,175	-	-	7,274,644
Interest charges	-	1,653,594	-	-	5,004,779
Total expenditures	78,203,980	14,451,901	20,612,587	8,923,633	12,299,423
Excess (deficiency) of revenue over (under) expenditures	9,819,991	(6,110,913)	251,054	(7,853,699)	2,886,353
OTHER FINANCING SOURCES (USES)					
Transfers in	1,866,616	7,919,178	34,724	4,689,450	87,062
Transfers out	(11,246,442)	(192,199)	(166,910)	(365,000)	(1,323,793)
Sale of capital assets	12,410	-	-	-	-
Premium on debt issued	-	-	-	-	97,413
Bonds issued	-	-	-	10,987,457	-
Total other financing sources (uses)	(9,367,416)	7,726,979	(132,186)	15,311,907	(1,139,318)
Net change in fund balance	452,575	1,616,066	118,868	7,458,208	1,747,035
Fund balance - beginning of year	24,999,898	9,866,209	3,097,261	12,485,310	3,339,608
Fund balance - end of the year	$ 25,452,473	$ 11,482,275	$ 3,216,129	$ 19,943,518	$ 5,086,643

(Continued)

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
$ 8,490,264	$ 61,265,100
5,476,985	31,919,487
1,098,045	1,344,762
-	11,375,535
1,823,554	8,466,964
167,553	2,845,850
574,808	5,807,484
1,379,597	1,379,597
5,230,565	26,598,586
-	2,504,081
4,170,830	7,391,922
4,706,553	4,720,584
16,851,518	17,834,630
49,970,272	183,454,582
7,353,332	17,431,881
1,570,539	54,033,347
2,349,621	14,769,610
3,415,841	37,067,631
18,760,050	29,577,246
1,230,000	9,632,819
1,692,273	8,350,646
36,371,656	170,863,180
13,598,616	12,591,402
14,705,298	29,302,328
(14,742,616)	(28,036,960)
-	12,410
-	97,413
10,472,543	21,460,000
10,435,225	22,835,191
24,033,841	35,426,593
33,063,824	86,852,110
$ 57,097,665	$ 122,278,703

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CITY OF GRAND PRAIRIE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Net change in fund balances - total governmental funds		35,426,593
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities 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 assets recorded in the current period.		29,577,246
The net effect of various transactions involving capital assets (ie., sales, trade ins, and contributions) is to increase net assets.		8,810,313
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(18,639,601)
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. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Bonds issued, net of premium on issuance and issuance costs	(21,304,322)	
Bond principal retirement	9,632,819	
Amortization of deferred charges	(192,792)	(11,864,295)
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		(896,931)
Some property tax and intergovermental revenues will not be collected for several months after the city's fiscal year end. These are not considered "available" revenues in the governmental funds until received. Change in amount deferred on Fund statements.		178,359
Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds. Change in accrued interest.		(70,778)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenue of the internal service funds is reported with governmental activities net of amount allocated to business-type activities and depreciation expense.		2,216,816
Change in net assets of governmental activities		$44,737,722

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2007

	Business-Type Activities Enterprise Funds					Governmental Activities
	Water Wastewater	Municipal Golf	Solid Waste	Other Nonmajor	Total	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 2,591,941	$ 23,626	$ 1,104,959	$ 506,827	$ 4,227,353	$ 4,674,027
Investments	33,195,681	868,926	8,366,575	3,345,004	45,776,186	2,902,462
Accounts receivable, net	3,388,640	1,809	666,323	327,409	4,384,181	-
Inventories and supplies	378,071	-	-	47,217	425,288	264,666
Deferred charges	596,773	3,477	-	-	600,250	-
Current restricted assets:						
Cash and cash equivalents	-	-	-	38,661	38,661	226,000
Investments	5,571,909	212,196	-	51,315	5,835,420	-
Total current assets	45,723,015	1,110,034	10,137,857	4,316,433	61,287,339	8,067,155
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	2,433,628	7,375,577	1,477,875
Equipment	14,176,771	1,109,475	5,478,469	533,951	21,298,666	1,666,557
Infrastructure	206,451,913	8,051,689	7,022,002	9,658,608	231,184,212	16,672
Construction in progress	33,486,986	2,026,287	1,047,515	2,196,335	38,757,123	-
Less accumulated depreciation	(89,178,572)	(4,924,577)	(5,049,902)	(5,984,973)	(105,138,024)	(2,971,408)
Total capital assets	168,049,232	8,685,993	10,972,531	9,021,472	196,729,228	927,262
Total assets	213,772,247	9,796,027	21,110,388	13,337,905	258,016,567	8,994,417
LIABILITIES						
Current liabilities:						
Accounts payable	376,546	117,524	76,683	174,450	745,203	228,035
Accrued liabilities	1,991,161	349,101	281,933	153,037	2,775,232	4,024,343
Accrued compensated absences	-	11,311	-	22,009	33,320	34,588
Unearned revenue	-	-	-	166,619	166,619	-
Current liabilities payable from restricted assets:						
Customer deposits	2,228,737	-	806	51,315	2,280,858	-
Accrued liabilities	540,932	42,439	-	13,325	596,696	226,000
Current portion of long term debt	3,043,600	309,922	-	95,000	3,448,522	-
Total current liabilities	8,180,976	830,297	359,422	675,755	10,046,450	4,512,966
Noncurrent liabilities:						
Accrued compensated absences	184,762	31,478	54,197	16,257	286,694	1,268
Closure and postclosure liability	-	-	4,596,339	-	4,596,339	-
Long term debt	49,405,005	7,385,297	-	2,220,000	59,010,302	-
Total noncurrent liabilities	49,589,767	7,416,775	4,650,536	2,236,257	63,893,335	1,268
Total liabilities	57,770,743	8,247,072	5,009,958	2,912,012	73,939,785	4,514,234
NET ASSETS						
Invested in capital assets (net of related debt)	115,600,627	990,774	10,972,531	6,706,472	134,270,404	927,262
Restricted for debt service	3,343,171	309,922	-	95,000	3,748,093	-
Unrestricted	37,057,706	248,259	5,127,899	3,624,421	46,058,285	3,552,921
Total net assets	$ 156,001,504	$ 1,548,955	$ 16,100,430	$ 10,425,893	$ 184,076,782	$ 4,480,183
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					$ 184,879,546	$ 3,677,419

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, 2007

	Business-Type Activities Enterprise Funds					Governmental Activities
	Water Wastewater	Municipal Golf	Solid Waste	Other Nonmajor	Total	Internal Service Funds
OPERATING REVENUE						
Sales to customers	$ 21,870,559	$ 1,873,731	$ 9,012,845	$ 4,183,253	$ 36,940,388	$ 3,676,068
Wastewater charges to customers	13,741,142	-	-	-	13,741,142	-
Water and wastewater fees	952,630	-	-	-	952,630	-
Wastewater surcharges	556,724	-	-	-	556,724	-
Intergovernmental revenue	-	-	-	1,668,944	1,668,944	-
Insurance premiums	-	-	-	-	-	14,773,564
Miscellaneous	4,100,137	764,076	10,803	691	4,875,707	1,489
Total operating revenue	41,221,192	2,637,807	9,023,648	5,852,888	58,735,535	18,451,121
OPERATING EXPENSE						
Salaries and personal benefits	5,209,578	1,016,626	1,555,420	545,799	8,327,423	1,071,643
Supplies and miscellaneous purchases	476,176	315,182	465,859	717,878	1,975,095	2,256,508
Purchased services	2,954,982	1,144,644	6,301,088	961,473	11,362,187	1,042,447
Insurance costs	-	-	-	-	-	13,093,476
Water purchases	9,218,766	-	-	-	9,218,766	-
Wastewater treatment	7,524,675	-	-	-	7,524,675	-
Miscellaneous	376,915	2,053	80,570	17,167	476,705	36,247
Depreciation	8,632,799	476,324	841,117	557,793	10,508,033	76,823
Franchise fees	1,411,067	-	206,226	107,660	1,724,953	-
General and administrative costs	2,144,090	-	171,305	27,211	2,342,606	-
Total operating expense	37,949,048	2,954,829	9,621,585	2,934,981	53,460,443	17,577,144
Operating income (loss)	3,272,144	(317,022)	(597,937)	2,917,907	5,275,092	873,977
NONOPERATING REVENUE (EXPENSE)						
Impact fees	3,825,610	-	-	-	3,825,610	-
Investment income	1,899,624	65,830	421,949	162,293	2,549,696	181,928
Gain on property disposition	-	-	35,223	-	35,223	-
Interest expense	(2,262,598)	(340,236)	(12,898)	(109,853)	(2,725,585)	-
Total nonoperating revenue (expense)	3,462,636	(274,406)	444,274	52,440	3,684,944	181,928
Income (loss) before contributions and transfers	6,734,780	(591,428)	(153,663)	2,970,347	8,960,036	1,055,905
Transfers in	786,615	647,825	11,369	54,000	1,499,809	1,225,718
Transfers out	(1,436,870)	-	(711,325)	(1,777,893)	(3,926,088)	(64,807)
Capital contributions	4,283,801	-	-	-	4,283,801	-
Change in net assets	10,368,326	56,397	(853,619)	1,246,454	10,817,558	2,216,816
Net assets - beginning of the year	145,633,178	1,492,558	16,954,049	9,179,439	173,259,224	2,263,367
Net assets - end of the year	$ 156,001,504	$ 1,548,955	$ 16,100,430	$ 10,425,893	$ 184,076,782	$ 4,480,183

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.

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CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	Business-Type Activities--Enterprise Funds					Governmental Activities
	Water Wastewater	Municipal Golf Course	Solid Waste	Other Nonmajor	Total	Internal Service Funds
Cash flows from operating activities:						
Cash received from customers	$ 36,857,616	$ 1,871,922	$ 8,662,028	$ 5,879,101	$ 53,270,667	$ 3,676,068
Cash received from other funds for services	-	-	-	33,254	33,254	14,773,564
Cash payments to suppliers for goods and services	(21,958,181)	(1,342,302)	(4,946,075)	(1,514,187)	(29,760,745)	(16,058,676)
Cash payments to employees for services	(5,179,849)	(1,013,757)	(1,556,900)	(526,520)	(8,277,026)	(1,060,594)
Cash payments to other funds for services	(1,411,067)	-	(206,226)	(107,660)	(1,724,953)	-
Other operating cash receipts (payments)	(269,880)	962,501	(273,574)	(214,050)	204,997	862,437
Net cash provided (used) by operating activities	8,038,639	478,364	1,679,253	3,549,938	13,746,194	2,192,799
Cash flows from noncapital financing activities:						
Transfers from other funds	786,615	647,825	11,369	54,000	1,499,809	1,225,718
Transfers to other funds	(1,436,870)	-	(711,325)	(1,777,893)	(3,926,088)	(64,807)
Net cash provided (used) by noncapital financing activities	(650,255)	647,825	(699,956)	(1,723,893)	(2,426,279)	1,160,911
Cash flows from capital and related financing activities:						
Capital outlays	(20,161,706)	(768,410)	(802,676)	(283,776)	(22,016,568)	-
Impact fees received	3,825,610	-	-	-	3,825,610	-
Contributions	4,283,801	-	-	-	4,283,801	-
Proceeds from disposal of capital assets	-	-	35,223	-	35,223	-
Interest paid on bonds and line of credit	(2,262,598)	(340,236)	(12,898)	(109,853)	(2,725,585)	-
Repayment of principal on bonds	(2,642,639)	(303,675)	(257,830)	(90,000)	(3,294,144)	-
Proceeds from issuance of bonds	6,658,897	-	-	-	6,658,897	-
Net cash used by capital and related financing activities	(10,298,635)	(1,412,321)	(1,038,181)	(483,629)	(13,232,766)	-
Cash flows from investing activities:						
Investment earnings received on cash and investments	1,899,624	65,830	421,949	162,293	2,549,696	181,928
Purchase of investments	(345,662)	(11,607)	(303,750)	(1,484,543)	(2,145,562)	(9,152)
Sale of investments	1,361,349		-	-	1,361,349	730,080
Net cash provided (used) by investing activities	2,915,311	54,223	118,199	(1,322,250)	1,765,483	902,856
Net increase (decrease) in cash and cash equivalents	5,060	(231,909)	59,315	20,166	(147,368)	4,256,566
Cash and cash equivalents - beginning of year	2,586,881	255,535	1,045,644	525,322	4,413,382	643,461
Cash and cash equivalents - end of year	$ 2,591,941	$ 23,626	$ 1,104,959	$ 545,488	$ 4,266,014	$ 4,900,027

	Water Wastewater	Municipal Golf Course	Solid Waste	Other Nonmajor	Total	Internal Service Funds
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:						
Net operating income (loss)	$ 3,272,144	(317,022)	$ (597,937)	$ 2,917,907	5,275,092	$ 873,977
Adjustments to net operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	8,632,799	476,324	841,117	557,793	10,508,033	76,823
Change in assets and liabilities:						
(Increase) in customer accounts receivable	(449,263)	(1,809)	(350,817)	-	(801,889)	-
(Increase) in other accounts receivable	-	-	-	(111,331)	(111,331)	-
Decrease in inventories and supplies	6,342	-	-	18,453	24,795	105,720
Increase in accounts payable	354,166	117,524	76,683	173,922	722,295	228,035
Increase (Decrease) in other accrued liabilities	(3,993,102)	200,478	(203,807)	(30,955)	(4,027,386)	977,650
Increase in interfund liabilities	-	-	-	-	-	(80,455)
Increase in customer deposits	185,824	-	-	4,870	190,694	-
Increase (Decrease) in accrued compensated abse	29,729	2,869	(1,480)	19,279	50,397	11,049
Increase in closure and post closure payable	-	-	1,915,494	-	1,915,494	-
Net cash provided (used) by operating activities	$ 8,038,639	478,364	$ 1,679,253	$ 3,549,938	$ 13,746,194	$ 2,192,799

Noncash investing, capital, and financing activities:

The Water and Wastewater Fund received $4,283,801 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 $338,100, $9,143, and $71,505, 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.

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NOTES TO BASIC FINANCIAL STATEMENTS

INDEX

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, 2007.

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.

Blended Component Units – A legally separate governmental unit that is an extension of the primary government whereby the component unit's governing body is substantively the same as the primary government, provide services almost entirely to the primary government and almost exclusively benefits the primary government.

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 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. All bonds were redeemed on September 15, 2007. The sales tax was discontinued on September 30, 2007.

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, 2007 financial statements for the Sports Corporation may be obtained at its administrative office.

2) Component Unit – Housing Finance Corporation

The Grand Prairie Housing Finance Corporation (HFC) was created to issue tax-exempt revenue bonds to supply mortgage financing for low income home buyers and multi-family development. While the entity is legally, financially and administratively autonomous, the governing body of the City of Grand Prairie may, at its sole discretion, and at any time, amend HFC's Articles of Incorporation, and alter or change its structure, programs or activities, or terminate or dissolve it. Additionally, members of the Board of Directors are appointed by and may be removed by the City Council. The city is not financially obligated for any debt of the HFC. Complete separate December 31, 2006 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. 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 activates 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, 2006 to September 30, 2007. 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, solid waste services, storm water services, airport operations, and golf course operations. *Direct expenses* are those that are clearly identifiable with a specific function of City government. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues* in the statement of activities.

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

Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are ordered into two distinct categories: governmental and proprietary. Information in the fund financial statements are reported on a major fund basis. The calculation of major funds is conducted by the City each year under the methods outlined in GASB Statement No. 34. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The major funds at September 30, 2007, are as follows: general fund, park venue fund, street improvement fund, section 8 fund, a debt service fund, water/wastewater fund, municipal golf course fund, and solid waste fund. Non-major funds are reported in the aggregate as “Other Funds.” The various funds are summarized by type in the fund financial statements.

Major governmental funds include the following:

General Fund: The General Fund is the primary operating fund of the City. This fund is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

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

Major enterprise funds include the following:

Water/Wastewater Fund: This fund accounts for water and wastewater system services provided for residents of the City, including administration, operations, maintenance, debt service, billing and collection. The City has no treatment facilities for water or wastewater. Treated water is purchased from the Dallas Water Utilities ("DWU") and Trinity River Authority ("TRA"), and water is pumped from City-owned wells. The City owns the wastewater collection system and all wastewater treatment is provided by the TRA. The contracts with DWU and TRA are discussed elsewhere in the Notes.

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

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

d. Measurement Focus and Basis of Accounting

1) Governmental Funds

The City uses the modified accrual basis of accounting and the flow of current financial resources measurement focus for all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when both "measurable and available." Measurable means knowing, or being capable of calculating or estimating the amount to be received. Available means collectible within the current period or soon enough thereafter to pay current liabilities (generally 60 days). Also, under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded in the period when the related fund liability is incurred, except for general obligation bond principal and interest which is recorded when due rather than when incurred.

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

- Sales taxes are collected by the State and remitted to the City monthly in 60 days arrears. The City recognizes sales taxes revenues when collected from the State.

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

- Franchise fees are remitted regularly by franchise owners for gas, electric, telephone and cable utilities. Franchise fees are also paid by the City's Water and Wastewater Fund, Solid Waste Fund and Storm Water Utility Fund. The fees are not taxes, but compensate the City for the use of public right-of-way by the utilities. Amounts earned but not collected at fiscal year end are recorded as accounts receivable. Amounts earned at fiscal year end and collected within 60 days are recorded as revenue.
- 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 receivables 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.

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 *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 non-operating revenues and expenses.

Enterprise Funds

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

Internal Service Funds

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

- Equipment Services Fund – accounts for a full range of services in managing and maintaining the City's fleet of vehicles and equipment.

- Risk Management Fund - accounts for premiums, deductibles and claims for the City's property, liability and workers compensation and employee health and life insurance programs. The City reports all risk financing activities in the Risk Management Fund.

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

1) Pooled Cash, Investments and Temporary Deposits

The City's cash, investments and temporary deposits are pooled for investment. Interest earnings are allocated to the City's funds during the year based upon the City's adopted budget. For purposes of the statements of cash flows, the City considers cash on hand, demand deposits and investments with original maturities of three months or less to be cash equivalents.

2) Inventories

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

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.

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, 2007 was $3,920,507. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. The changes in the fund's IBNR claims and other minor accrued liability amount in each of the last two fiscal years was:

	Beginning of Fiscal Year Liability	Claims and Change in Estimates	Claim Payments	End of Fiscal Year Liability
2007	$ 2,698,976	$ 13,224,710	$ 12,003,179	$ 3,920,507
2006	2,768,768	12,521,165	12,590,957	2,698,976

7) Depository Contract

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

8) Deferred Revenue

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 $570,834 and $237,047, respectively. Because the total amount of $807,881 represents unavailable revenue, they are included as property tax revenue at the government-wide level. In the Other Special Revenue funds 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 $122,162 and $16,400, respectively. Because the total amount of $138,562 represents unearned revenue, these amounts are presented at both the fund level and government-wide level. In the Section 8 special revenue fund, deferred revenue is reported for a new program that begins in November 2007. Because the total amount of $876,918 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. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues,* to establish criteria governments should use to determine whether certain transactions should be reported as a sale or a collateralized borrowing. Such transactions are likely to comprise the sale of delinquent taxes, certain mortgages, student loans, or future revenues such as those arising from tobacco settlement agreements. There has been considerable diversity in practice in the manner that such transactions have been reported. The requirements of this Statement are incorporated in this report.

The GASB issued Statement No. 49, which addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and postclosure care and nuclear power plant decommissioning. As of September 30, 2007, the City plans to implement the provisions of the Statement in fiscal year 2009.

The GASB issued Statement No. 50, which more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 27, Accounting for Pensions by State and Local Governmental Employers, to conform with requirements of Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

As of September 30, 2007, the City plans to implement the provisions of the Statement in fiscal year 2008.

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, Park Venue Fund, Hotel/Motel Tax Fund, Police Seizure Fund, Municipal Court Fund, Cable Operation Fund and Section 8 Fund. 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.

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. Appropriations are budgeted at the fund level. If budget amendments (increase in appropriations) are necessary they must be approved by the City Council. Budget adjustments (transfers between line items within the fund) are allowed as long as the adjustments do not exceed the total budgeted appropriations for the fund.

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: $1,778,622 in public safety for increases in personnel costs, utilities and motor fuel; and, $366,217 in development services for street lights.

d. Deficit Fund Equity

As of September 30, 2007 the City had no funds with deficit fund equities.

3. DETAILED NOTES ON ALL FUNDS

a. Assets

1) Deposits, Investments and Investment Policies

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

The City Council has adopted Investment Policies ("Policies") which are in accordance with the laws of the State of Texas, where applicable. The Policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments and certain investment practices. Authorized investments include obligations of the United States or its agencies and instrumentalities (except for mortgage pass-through securities), repurchase agreements, municipal securities, public funds investment pools, SEC regulated money market mutual funds and collateralized or insured certificates of deposit.

The investment policies require that repurchase agreements be made pursuant to a master agreement, the collateral is a U. S. Treasury bill, note or bond; the security is held in safekeeping by the City's custodial agent; and the investment is transacted "delivery vs. payment" so that the City's interest in the underlying security is perfected. The City does not invest in reverse repurchase agreements. No City monies were invested in repurchase agreements at September 30, 2007.

The City's investments are stated at fair value, using the following methods and assumptions as of September 30, 2007:

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 $21,996,728 in TexPool as of September 30, 2007. The Texas State of Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAA by Standard & Poors. As a requirement to maintain the rating weekly portfolio, information must be submitted to Standard & Poors, as well as the office of the Comptroller of Public Accounts for review.

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

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

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:

	% Maximum
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 it's 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.

The City's carrying amount of cash, cash equivalents and investments as of September 30, 2007 as reflected in the primary government's financial statements, are:

	Unrestricted	Restricted	Total
Cash	$ 5,736,616	$ 226,000	$ 5,962,616
Pooled investments:			
Cash equivalents	8,487,670	22,615,247	31,102,917
Investments	67,508,624	82,580,594	150,089,218
Total pooled investments	75,996,294	105,195,841	181,192,135
Total	$ 81,732,910	$ 105,421,841	$ 187,154,751

At year-end, the bank balance of the City's unrestricted cash was $811,233. Of the bank balance, $200,000 was covered by federal depository insurance and $611,233 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 $31,102,917 were also covered by collateral held by the City's agent in the City's name.

As of September 30, 2007, the City had the following investments:

	Fair Value	Weighted Average Maturity (Days)	Credit Risk
Federal Farm Credit Bank	$ 26,045,938	439	AAA
Federal Home Loan Bank	33,065,000	505	AAA
Freddie Mac	25,048,918	575	AAA
Federal National Mortgage Assoc.	22,924,062	490	AAA
U. S. Treasury Notes	42,953,983	261	
TexPool	21,996,728	1	AAAm
Money market funds	9,157,506	1	AAAm
Total	$ 181,192,135	325	

Portfolio weighted average maturity

Maturities of the City's investments at September 30, 2007 were as follows:

Cash equivalents	$ 31,154,234
Under 30 days	1,998,750
30 days to 60 days	5,980,290
61 days to 90 days	5,995,545
91 days to 1 year	55,867,725
After 1 year	80,195,591
Total	$ 181,192,135

The City did not invest in any securities different from the categories mentioned above during the 2006-2007 fiscal year.

At September 30, 2007, the carrying amount of the Sports Corporation's deposits included in cash and cash equivalents was $70,909 while the bank balance of the Sports Corporation's deposits was $71,059. 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, 2007 was $10,518,046 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, 2006, including restricted cash, totaled $387,965 all of which was covered by FDIC insurance and collateral held by the depository institution in HFC's name. Restricted cash of $56,968 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, 2007 are summarized below for governmental activities:

	Balance October 1, 2006	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2007
Non-depreciable capital assets:				
Land	$ 19,929,001	$ 5,304,492	$ (279,831)	$ 24,953,662
Construction in progress	114,506,640	23,459,749	(25,835,244)	112,131,145
Total non-depreciable capital assets	134,435,641	28,764,241	(26,115,075)	137,084,807
Depreciable capital assets:				
Buildings	62,021,682	291,545	-	62,313,227
Equipment	53,335,431	5,691,316	(590,283)	58,436,464
Infrastructure	309,891,674	30,545,841	(276,850)	340,160,665
Total depreciable capital assets	425,248,787	36,528,702	(867,133)	460,910,356
Less accumulated depreciation for				
Buildings	(21,779,021)	(1,961,369)	-	(23,740,390)
Equipment	(27,695,572)	(2,611,444)	-	(30,307,016)
Infrastructure	(103,539,946)	(14,066,788)	-	(117,606,734)
Total accumulated depreciation	(153,014,539)	(18,639,601)	-	(171,654,140)
Total depreciable capital assets, net	272,234,248	17,889,101	(867,133)	289,256,216
Governmental activities capital assets, net	$ 406,669,889	$ 46,653,342	$ (26,982,208)	$ 426,341,023

Capital asset balances for business-type activities for the year ended September 30, 2007 are summarized below:

	Balance October 1, 2006	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2007
Non-depreciable capital assets				
Land	$ 3,251,674	$ -	$ -	$ 3,251,674
Construction in progress	31,925,908	16,035,298	(9,204,083)	38,757,123
Total non-depreciable capital assets	35,177,582	16,035,298	(9,204,083)	42,008,797
Depreciable capital assets				
Buildings	7,301,177	74,400	-	7,375,577
Equipment	19,503,627	1,840,927	(45,888)	21,298,666
Infrastructure	217,969,824	13,214,388	-	231,184,212
Total depreciable capital assets	244,774,628	15,129,715	(45,888)	259,858,455
Less accumulated depreciation for				
Buildings	(3,719,227)	(249,464)	-	(3,968,691)
Equipment	(8,286,615)	(1,529,154)	101,527	(9,714,242)
Infrastructure	(82,725,675)	(8,729,415)	-	(91,455,090)
Total accumulated depreciation	(94,731,517)	(10,508,033)	101,527	(105,138,023)
Total depreciable capital assets, net	150,043,111	4,621,682	55,639	154,720,432
Business-type activities' capital assets, net	$ 185,220,693	$ 20,656,980	$ (9,148,444)	$ 196,729,229

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

Support Services	$ 2,619,079	Water and Wastewater	$ 8,632,799
Public Safety Services	8,176,420	Municipal Golf	476,324
Recreation and Leisure Services	2,234,963	Solid Waste	841,117
Development Services	5,609,139	Other Business-type	557,793
Total governmental	$ 18,639,601	Total business-type	$ 10,508,033

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

	Balance October 1, 2006	Additions/ Completions	Disposals/ Reclasses	Balance September 30, 2007
Equipment	$ 310,078	$ -	$ -	$ 310,078
Less accumulated depreciation	(310,078)	-	-	(310,078)
Total	$ -	$ -	$ -	$ -

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

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

	Balance January 1, 2006	Additions/ Completions	Disposals/ Reclasses	Balance December 31, 2006
Non-depreciable capital assets:				
Land	$ 1,612,851	$ -	$ -	$ 1,612,851
Total non-depreciable capital assets	1,612,851	-	-	1,612,851
Depreciable capital assets:				
Buildings	21,239,620	377,628	-	21,617,248
Less accumulated depreciation	(4,104,807)	(1,041,638)	-	(5,146,445)
Total depreciable capital assets, net	17,134,813	(664,010)	-	16,470,803
Housing Finance Corporation capital asset, net	$ 18,747,664	$ (664,010)	$ -	$ 18,083,654

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 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.

Plan provisions for the City were as follows (as of 4/19/07*):

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, 2006 valuation is effective for rates beginning January 2008).

Actuarial Valuation Date	December 31, 2006	December 31, 2005	December 31, 2004
Actuarial Value of Assets	$ 167,101,197	$ 157,030,678	$ 152,470,087
Actuarial Accrued Liability	208,328,802	194,053,949	187,718,712
Percentage Funded	80.2%	80.9%	81.2%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	$ 41,227,605	$ 37,023,271	$ 35,248,625
Annual Covered Payroll	56,817,617	53,849,572	52,997,624
UAAL as a Percentage of Covered Payroll	72.6%	68.8%	66.5%
Net Pension Obligation (NPO) at the Beginning of Period	$ -	$ -	$ -
Annual Pension Cost:			
Annual Required Contribution (ARC)	$ 7,577,405	$ 7,715,790	$ 7,222,849
Contribution Made	7,577,405	7,715,790	7,222,849
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 5/04/07 to the actuary in calculating the 12/31/06 valuation.)

Actuarial Assumptions - The City also uses the following assumptions

Actuarial Valuation Date	December 31, 2006	December 31, 2005	December 31, 2004
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%	7%
Projected Salary Increases	None	None	None
Includes Inflation At	3.5%	3.5%	3.5%
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 12/31/06 valuations are contained in the 2006 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:

	Balance October 1, 2006	Borrowings or Increase	Payments or Decrease	Balance September 30, 2007	Due Within One Year
Governmental Activities					
General obligation bonds	$ 71,436,114	$ 4,000,000	$ (5,151,494)	$ 70,284,620	$ 5,017,990
Certificates of obligation bonds	72,251,106	17,460,000	(3,591,325)	86,119,781	4,140,077
Sale tax revenue bonds	30,430,000	-	(890,000)	29,540,000	935,000
Issuance premiums/discounts, net	195,385	97,413	(45,356)	247,442	-
Deferred loss on refunding	(582,903)	-	182,977	(399,926)	-
Compensated absences	10,433,011	5,305,408	(4,397,428)	11,340,991	4,385,684
Total governmental activities	184,162,713	26,862,821	(13,892,626)	197,132,908	14,478,751
Business-Type Activities					
General obligation bonds	4,758,886	-	(455,286)	4,303,600	198,600
Certificates of obligation bonds	5,958,894	-	(223,675)	5,735,219	234,922
Water and wastewater revenue bonds	48,300,000	6,625,000	(2,610,000)	52,315,000	3,015,000
Issuance premiums/discounts, net	77,525	33,896	(6,416)	105,005	
Deferred loss on refunding	(1,234)	-	1,234	-	
Closure and post closure liability	2,680,845	1,915,494	-	4,596,339	-
Compensated absences	269,617	51,875	(1,478)	320,014	33,220
Total business-type activities	62,044,533	8,626,265	(3,295,621)	67,375,177	3,481,742
Total primary government	$ 246,207,246	$ 35,489,086	$ (17,188,247)	$ 264,508,085	$ 17,960,493
Component Unit Activities					
Sports Corporation:					
Taxable sales tax bonds	$ 7,215,000	$ -	$ (7,215,000)	$ -	$ -
Deferred loss on refunding/discount	(48,123)	-	48,123	-	-
Housing Finance Corporation:					
Notes payable	3,134,948	275,000	(53,493)	3,356,455	57,360
Revenue bonds	13,890,000	-	-	13,890,000	160,000
Total component units	$ 24,191,825	$ 275,000	$ (7,220,370)	$ 17,246,455	$ 217,360

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, 2007, 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 2007 for Tax Increment Financing Zones No. 1,2 and 3 projects.

(i) General Obligation Debt

In September 2006 the City issued $4,000,000 in General Obligation Bonds Series 2006A. The proceeds of the bonds were used to provide $4,000,000 of capital funds, and to pay the cost of issuance.

In September 2006 the City issued $11,947,500 in Certificates of Obligation Bonds Series 2006A. The proceeds of the bonds were used to provide capital funds for governmental activities improvements and to pay the cost of issuance.

In September 2006 the City issued $5,512,500 in Certifcates of Certificates of Obligation Bonds Series 2006A. The proceeds were used for Tax Increment Financing Zones No. 1,2 and 3 projects.

At September 30, 2007, general obligation bonds authorized and unissued amounted to $39,198,000. 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.

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 1997-A	4.4-6.4	1997	2018	$ 2,710,000	$ -
Series 1998-A	4.0-5.0	1998	2019	16,179,364	7,781,400
Series 1999	5.5	1998	2011	12,096,630	1,508,220
Series 2000	5.25-7.25	2000	2020	4,435,000	785,000
Series 2001	4.5-5.5	2001	2021	5,000,000	3,950,000
Series 2002	4.5-5.0	2002	2022	6,550,000	5,455,000
Series 2002-A	3.9-4.875	2002	2022	9,900,000	8,155,000
Series 2003	2.0-4.60	2003	2023	11,025,000	8,630,000
Series 2003-A	2.0-4.30	2003	2014	5,875,000	1,845,000
Series 2004	2.0-4.50	2004	2024	4,855,000	4,315,000
Series 2004-A	2.0-4.75	2004	2024	6,170,000	5,250,000
Series 2005 Refunding	2.75-4.50	2005	2025	14,260,000	13,355,000
Series 2005-A	3.75-4.25	2005	2025	2,215,000	2,055,000
Series 2006	3.9-5.0	2006	2026	3,300,000	3,200,000
Series 2006-A	4.125-4.375	2006	2027	4,000,000	4,000,000
Total general obligation bonds					70,284,620
Certificates of obligation bonds:					
Tax and revenue bonds:					
Series 1997-A	4.60-5.75	1997	2018	1,515,000	-
Series 1998-A	3.60-5.00	1998	2019	7,270,000	4,480,000
Series 2000	4.9-6.9	2000	2020	2,760,000	250,000
Series 2000-A	5.0-5.5	2000	2020	3,800,000	2,955,000
Series 2001	4.5-5.5	2001	2021	5,900,000	4,270,000
Series 2002-C	3.85-4.75	2002	2022	2,650,000	1,555,000
Series 2003-A	2.0-5.0	2003	2028	4,960,000	4,415,000
Series 2004	2.5-4.45	2004	2024	2,894,000	2,130,960
Series 2004-B	2.0-4.75	2004	2024	8,280,000	7,060,000
Series 2005	2.75-4.50	2005	2025	2,935,000	2,375,000
Series 2006	4.0-5.50	2006	2026	8,291,250	7,893,000
Series 2006-A	4.125-4.375	2006	2027	11,947,500	11,947,500
Total tax and revenue bonds					49,331,460
Tax and tax increment bonds					
Series 2001	LIBOR + .55% *	2000	2022	17,900,000	15,800,000
Series 2002B	4.5-5.0	2001	2020	2,800,000	2,250,000
Series 2003B	2.0-5.0	2003	2020	1,030,000	845,000
Series 2003C	2.0-5.0	2003	2020	4,340,000	3,550,000
Series 2004B	2.0-4.75	2004	2024	1,170,000	995,000
Series 2005A	2.75-4.50	2005	2020	710,000	635,000
Series 2006	4.0-5.50	2006	2020	1,575,000	1,500,000
Series 2006-A	4.125-4.375	2006	2020	2,498,470	2,498,470
Series 2006-A	4.125-4.375	2006	2020	1,468,000	1,468,000
Series 2006-A	4.125-4.375	2006	2020	1,546,030	1,546,030
Total tax and tax increment bonds					31,087,500
Parks & recreation bonds					
Series 2004	2.5-4.45	2004	2024	484,000	430,821
Series 2004B	2.0-4.75	2004	2024	5,915,000	5,270,000
Total parks & recreation					5,700,821
Total certificate of obligation bonds					86,119,781
Sales tax revenue bonds:					
Series 2000	5.4-7.4	2000	2025	3,670,000	560,000
Series 2000A	5.0-5.5	2000	2026	5,200,000	1,090,000
Series 2001	4.125-5.125	2001	2027	11,055,000	9,430,000
Series 2001A	4.125-5.0	2001	2027	8,500,000	7,450,000
Series 2002	4.0-5.0	2002	2027	5,000,000	4,405,000
Series 2005	3.5-4.25	2005	2026	6,705,000	6,605,000
Total sales tax revenue bonds					29,540,000
Premiums/discounts, net	N/A	N/A	N/A	N/A	247,442
Deferred loss on refunding	N/A	N/A	N/A	N/A	(399,926)
Compensated absences	N/A	N/A	N/A	N/A	11,340,991
Total governmental long-term debt					$ 197,132,908

* Debt service rate was 5.8675% at September 30, 2007.
(Does not include unamortized premiums, discounts, or deferred loss on refunding)

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

	Balance October 1, 2006	Borrowings or Increase	Payments or Decrease	Balance September 30, 2007	Due Within One Year
General obligation bonds:					
Series 1997-A	$ 120,000	$ -	$ (120,000)	$ -	$ -
Series 1998-A	8,678,944	-	(897,544)	7,781,400	936,400
Series 1999	1,927,170	-	(418,950)	1,508,220	436,590
Series 2000	955,000	-	(170,000)	785,000	180,000
Series 2001	4,145,000	-	(195,000)	3,950,000	205,000
Series 2002	5,695,000	-	(240,000)	5,455,000	255,000
Series 2002-A	8,530,000	-	(375,000)	8,155,000	390,000
Series 2003	9,250,000	-	(620,000)	8,630,000	645,000
Series 2003-A	2,810,000	-	(965,000)	1,845,000	480,000
Series 2004	4,500,000	-	(185,000)	4,315,000	190,000
Series 2004-A	5,560,000	-	(310,000)	5,250,000	320,000
Series 2005 Refunding	13,830,000	-	(475,000)	13,355,000	670,000
Series 2005-A	2,135,000	-	(80,000)	2,055,000	80,000
Series 2006	3,300,000	-	(100,000)	3,200,000	105,000
Series 2007-A	-	4,000,000	-	4,000,000	125,000
Total general obligation bonds	71,436,114	4,000,000	(5,151,494)	70,284,620	5,017,990
Certificates of obligation bonds:					
Tax and revenue bonds:					
Series 1997-A	45,000	-	(45,000)	-	-
Series 1998-A	4,755,000	-	(275,000)	4,480,000	285,000
Series 2000	305,000	-	(55,000)	250,000	55,000
Series 2000-A	3,100,000	-	(145,000)	2,955,000	155,000
Series 2001	4,480,000	-	(210,000)	4,270,000	220,000
Series 2002-C	1,630,000	-	(75,000)	1,555,000	75,000
Series 2003-A	4,555,000	-	(140,000)	4,415,000	145,000
Series 2004	2,320,860	-	(189,900)	2,130,960	93,229
Series 2004-B	7,470,000	-	(410,000)	7,060,000	425,000
Series 2005	2,655,000	-	(280,000)	2,375,000	190,000
Series 2006	8,291,250	-	(398,250)	7,893,000	418,000
Series 2006-A		11,947,500	-	11,947,500	323,500
	39,607,110	11,947,500	(2,223,150)	49,331,460	2,384,729
Tax and tax increment bonds:					
Series 2001	16,380,000	-	(580,000)	15,800,000	620,000
Series 2002-B	2,370,000	-	(120,000)	2,250,000	125,000
Series 2003-B	895,000	-	(50,000)	845,000	50,000
Series 2003-C	3,755,000	-	(205,000)	3,550,000	210,000
Series 2004B	1,055,000	-	(60,000)	995,000	60,000
Series 2005-A	675,000	-	(40,000)	635,000	40,000
Series 2006	1,575,000	-	(75,000)	1,500,000	75,000
Series 2006-A	-	2,498,470	-	2,498,470	147,470
Series 2006-A	-	1,468,000	-	1,468,000	83,000
Series 2006-A	-	1,546,030	-	1,546,030	101,030
	26,705,000	5,512,500	(1,130,000)	31,087,500	1,511,500
Parks & recreation bonds:					
Series 2004	448,996	-	(18,175)	430,821	18,848
Series 2004B	5,490,000	-	(220,000)	5,270,000	225,000
	5,938,996	-	(238,175)	5,700,821	243,848
Total certificate of obligation bonds	72,251,106	17,460,000	(3,591,325)	86,119,781	4,140,077
Sales tax revenue bonds:					
Series 2000	655,000	-	(95,000)	560,000	100,000
Series 2000-A	1,210,000	-	(120,000)	1,090,000	130,000
Series 2001	9,730,000	-	(300,000)	9,430,000	310,000
Series 2001-A	7,650,000	-	(200,000)	7,450,000	210,000
Series 2002	4,535,000	-	(130,000)	4,405,000	135,000
Series 2005	6,650,000	-	(45,000)	6,605,000	50,000
Total sales tax revenue bonds	30,430,000	-	(890,000)	29,540,000	935,000
Premiums/discounts, net	195,385	97,413	(45,356)	247,442	-
Deferred loss on refunding	(582,903)	-	182,977	(399,926)	-
Compensated absences:	10,433,011	5,305,408	(4,397,428)	11,340,991	4,385,684
Total	$ 184,162,713	$ 26,862,821	$ (13,892,626)	$ 197,132,908	$ 14,478,751

* Debt service rate was 5.8675% at September 30, 2007.
(Does not include unamortized premiums, discounts, or deferred loss on refunding)

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

(The Bonds)

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FULBRIGHT & JAWORSKI L.L.P.
A REGISTERED LIMITED LIABILITY PARTNERSHIP
2200 ROSS AVENUE, SUITE 2800
DALLAS, TEXAS 75201-2784
WWW.FULBRIGHT.COM

TELEPHONE: (214) 855-8000 FACSIMILE: (214) 855-8200

WE HAVE EXAMINED into the legality and validity of the issuance of the "City of Grand Prairie, Texas, General Obligation Bonds, Series 2008" (the "Bonds"), dated November 1, 2008, in the principal amount of $8,985,000, by the City of Grand Prairie, Texas (the "City"), which Bonds are issuable in fully registered form only. The Bonds have stated maturities of February 15 in the years specified in the ordinance authorizing the issuance of the Bonds (the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds, and interest thereon accrues from the dates, at the rates, and in the manner and is payable on the dates, all as provided in the Ordinance.

WE HAVE SERVED as Bond Counsel for the City solely to pass upon the legality and validity of the issuance of the Bonds under the Constitution and laws of the State of Texas, and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data or other material relating to the financial condition or capabilities of the City. In rendering the opinions herein we have examined and rely upon (i) original or certified copies of the proceedings of the City in connection with the issuance of the Bonds, including the Ordinance, (ii) certifications and opinions of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and to certain other facts within the knowledge and control of the City, and (iii) such other documentation, including an examination of the Bond executed and delivered initially by the City (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters discussed below. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies and the accuracy of the statements and information contained in such certificates.

BASED UPON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance are valid, legally binding, and enforceable obligations of the City, payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property within the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of

the proceeds of the Bonds, interest on the Bonds for federal income tax purposes (a) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions thereunder, and (b) will not be included in computing the alternative minimum taxable income of individuals or, except as hereinafter described, corporations. Interest on all tax exempt obligations, such as the Bonds, owned by a corporation will be included in such corporation's adjusted current earnings for tax years beginning after 1989 for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit, a real estate investment trust, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by the section 55 of the Code will be computed.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter "C" earnings and profits, owners of interests in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax exempt obligations.

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

APPENDIX D

FORM OF BOND COUNSEL'S OPINION

(The Certificates)

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FULBRIGHT & JAWORSKI L.L.P.
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WE HAVE EXAMINED into the legality and validity of the issuance of the "City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2008A" (the "Certificates"), dated November 1, 2008, in the principal amount of $26,660,000, by the City of Grand Prairie, Texas (the "City"), which Certificates are issuable in fully registered form only. The Certificates have stated maturities of February 15 in the years specified in the ordinance authorizing the issuance of the Certificates (the "Ordinance"), and interest thereon accrues from the dates, at the rates, and in the manner and is payable on the dates, all as provided in the Ordinance.

WE HAVE SERVED AS BOND COUNSEL for the City solely to pass upon the legality and validity of the issuance of the Certificates under the Constitution and laws of the State of Texas and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and have not independently investigated or verified, any records, data or other material relating to the financial condition or capabilities of the City. In rendering the opinions herein we have examined and rely upon (i) original or certified copies of the proceedings of the City in connection with the issuance of the Certificates, including the Ordinance, (ii) certifications and opinions of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City and to certain other facts within the knowledge and control of the City, and (iii) such other documentation, including an examination of the Certificate executed and delivered initially by the City (which we found to be in due form and properly executed), and such matters of law as we deem relevant to the matters discussed below. In such examinations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies and the accuracy of the statements and information contained in such certificates.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from the sources and secured in the manner provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance and in reliance upon representations and certifications of the City made in a certificate of even date herewith pertaining to the use, expenditure, and investment of

the proceeds of the Certificates, interest on the Certificates for federal income tax purposes (a) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions thereunder, and (b) will not be included in computing the alternative minimum taxable income of individuals or, except as hereinafter described, corporations. Interest on all tax-exempt obligations, such as the Certificates, owned by a corporation will be included in such corporation's adjusted current earnings for tax years beginning after 1989 for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit, a real estate investment trust, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by the section 55 of the Code will be computed.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of interest in a FASIT, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

Financial Advisory Services
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First Southwest Company