

CITY OF GRAND PRAIRIE, TEXAS Comprehensive Annual Financial Report

Fiscal Year Ended September 30th, 2011



The City of Grand Prairie celebrated the opening of its new 6,445-square-foot municipal airport terminal in fall 2011.

CITY OF GRAND PRAIRIE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2011

PREPARED BY THE FINANCE DEPARTMENT



Charles England
Mayor

Diana Ortiz, RTA
Chief Financial Officer

Tom Hart
City Manager

Li Jen Lee, CPA
Controller

**CITY OF GRAND PRAIRIE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2011**

TABLE OF CONTENTS

| I. INTRODUCTORY SECTION (Unaudited) | Page |
|--|-------------|
| Letter of Transmittal | v |
| Certificate of Achievement | x |
| Mayor and City Council Members | xii |
| Directory of Officials | xiii |
| Organizational Chart | xiv |
| City of Grand Prairie Area Map | xv |
| II. FINANCIAL SECTION | |
| Independent Auditor's Report | 1 |
| A. MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) | 3 |
| B. BASIC FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Assets | 15 |
| Statement of Activities | 16 |
| Fund Financial Statements | |
| Governmental Funds Financial Statements | |
| Balance Sheet | 18 |
| Reconciliation of the Governmental Funds Balance Sheet to Statement of Net Assets | 19 |
| Statement of Revenue, Expenditures, and Changes in Fund Balance | 20 |
| Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 21 |
| Proprietary Funds Financial Statements | |
| Statement of Net Assets | 22 |
| Statement of Revenue, Expense, and Changes in Fund Net Assets | 23 |
| Statement of Cash Flows | 25 |

| | Page |
|--|-------------|
| Notes to Basic Financial Statements | 27 |
| C. REQUIRED SUPPLEMENTARY INFORMATION | |
| Schedule of Revenue, Expenditures and Changes in Fund Balance | |
| General Fund - Budget to Actual Comparison Schedule | 85 |
| Section 8 Fund – Budget to Actual Comparison Schedule | 86 |
| Texas Municipal Retirement System – Eight-year Analysis of Funding Progress | 87 |
| Other Post Employment Benefits – Three-year Analysis of Funding Progress | 88 |
| D. COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES | |
| Major Fund Other Schedules | |
| Schedule of Revenue, Expenditures and Changes in Fund Balance | |
| Debt Service Fund-Budget to Actual Comparison Schedule | 89 |
| Combining Financial Statements - Non-major Governmental Funds | 91 |
| Combining Balance Sheet | 92 |
| Combining Statement of Revenue, Expenditures, and Changes in Fund Balance | 95 |
| Individual Fund Schedules - Budget to Actual Schedules | 99 |
| Park Venue Fund-Budget to Actual Comparison Schedule | 100 |
| Senior Center Sales Tax Fund-Budget to Actual Comparison Schedule | 101 |
| Hotel/Motel Tax Fund – Budget to Actual Comparison Schedule | 102 |
| Police Seizure Fund – Budget to Actual Comparison Schedule | 103 |
| Municipal Court Fund – Budget to Actual Comparison Schedule | 104 |
| Cable Operations Fund – Budget to Actual Comparison Schedule | 105 |
| Crime Tax Sales Tax Fund – Budget to Actual Comparison Schedule | 106 |
| Combining Financial Statements - Non-major Enterprise Funds | 107 |
| Combining Statement of Net Assets | 108 |
| Combining Statement of Revenue, Expense, and Changes in Fund Net Assets | 109 |
| Combining Statement of Cash Flows | 110 |
| Combining Financial Statements - Internal Service Funds | 111 |
| Combining Statement of Net Assets | 112 |
| Combining Statement of Revenue, Expense, and Changes in Fund Net Assets | 113 |
| Combining Statement of Cash Flows | 114 |

| | |
|---|-------------|
| E. CAPITAL ASSETS OF GOVERNMENTAL FUNDS | Page |
| Schedule by Source | 115 |
| Schedule by Function and Activity | 116 |
| Schedule of Changes by Function and Activity | 117 |
| F. SUPPLEMENTAL SCHEDULES | 119 |
| Park Venue Fund | |
| Aggregating Balance Sheet | 120 |
| Aggregating Schedule of Revenue, Expenditures, and Changes in Fund Balance | 121 |
| Water and Wastewater Fund | |
| Aggregating Schedule of Net Assets | 122 |
| Aggregating Schedule of Revenue, Expense, and Changes in Fund Net Assets | 123 |
| Municipal Airport Fund | |
| Aggregating Schedule of Net Assets | 124 |
| Aggregating Schedule of Revenue, Expense, and Changes in Fund Net Assets | 125 |
| Municipal Golf Course Fund | |
| Aggregating Schedule of Net Assets | 126 |
| Aggregating Schedule of Revenue, Expense, and Changes in Fund Net Assets | 127 |
| Solid Waste Fund | |
| Aggregating Schedule of Net Assets | 128 |
| Aggregating Schedule of Revenue, Expense, and Changes in Fund Net Assets | 129 |
| Risk Management Fund | |
| Aggregating Schedule of Net Assets | 130 |
| Aggregating Schedule of Revenue, Expense, and Changes in Fund Balance | 131 |
| III. STATISTICAL SECTION (Unaudited) | 133 |
| Financial Trends | |
| Net Assets by Component – Last Ten Fiscal Years | 135 |
| Changes in Net Assets – Last Ten Fiscal Years | 136 |
| Fund Balances, Governmental Funds – Last Ten Fiscal Years | 138 |
| Change in Fund Balances, Governmental Funds – Last Ten Fiscal Years | 139 |

| | Page |
|--|-------------|
| Revenue Capacity | |
| Assessed and Estimated Actual Values of Taxable Property | 140 |
| Direct and Overlapping Property Tax Rates | 141 |
| Principal Property Tax Payers | 142 |
| Property Tax Levies and Collections | 143 |
| Debt Capacity | |
| Ratios of Outstanding Debt by Type | 144 |
| Ratios of General Bonded Debt Outstanding | 145 |
| Direct and Overlapping Governmental Activities of Debt | 146 |
| Legal Debt Margin Information | 147 |
| Pledged Revenue Coverage | 148 |
| Demographic and Economic Information | |
| Demographic and Economic Statistics | 149 |
| Principal Employers | 150 |
| Full-time-equivalent City Government Employees by Function/Program | 151 |
| Operating Information | |
| Capital Assets Statistics by Function/Program | 152 |
| Water and Wastewater Contracts | |
| Components of Payments Made Under Selected Contracts | 153 |
| Operating Indicators by Function | 154 |

INTRODUCTORY SECTION





March 26, 2012

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

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) for the City of Grand Prairie, Texas (“City”) for the fiscal year ended September 30, 2011. This report complies with State law which requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (“GAAP”) in the United States of America and audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants.

This report is published to provide the City Council, citizens, city staff, bondholders and other interested parties with detailed information concerning the financial condition and activities of the City. The report consists of city management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the accuracy, completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the City established a comprehensive framework of internal control that is designed to protect the City’s assets from loss, theft or misuse, and, to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with GAAP. Because the cost of internal control should not exceed the benefits derived from them, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City’s financial statements have been audited by Weaver, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor issued an unqualified (“clean”) opinion on the City of Grand Prairie’s financial statements for the year ended September 30, 2011. The Independent Auditor’s Report is located at the front of the Financial Section of this report.

This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, a listing of City Officials and an organizational chart of the City. The Financial Section includes the independent auditor’s report on the basic financial statements, Management’s Discussion and Analysis (“MD&A”), basic financial statements, the notes to the basic financial statements, and combining and individual fund statements and schedules. The MD&A is a narrative introduction, overview and analysis to

accompany the basic financial statements and can be found immediately following the independent auditor's report. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The Statistical Section includes financial and demographic information relevant to readers of the City's financial statements. The statistical data is generally presented on a multi-year basis.

In addition to issuance of the CAFR, the independent auditors have performed a Single Audit and issued auditor reports on the City's federal awards for the fiscal year ended September 30, 2011. The City's Single Audit Report is separately available by contacting the City's Finance Department.

Profile of the City of Grand Prairie, Texas

The City of Grand Prairie is located 12 miles west of downtown Dallas, 18 miles east of downtown Fort Worth and 6 miles south of D/FW International Airport. The City lies within the Texas Counties of Dallas, Tarrant and Ellis, and, covers approximately 80 square miles. Grand Prairie is readily accessible by State Highway 360 which runs north/south and Interstate Highways 20 and 30 that run east/west through the City. In addition, State Highway 161 is expected to be completed in December, 2012. This north/south road will provide additional access and traffic relief through the City.

The City of Grand Prairie was incorporated in 1909 and is a Home Rule city operating under a Council/Manager form of government. The Council is comprised of the Mayor and eight Council members who are elected for staggered, three-year terms. The Mayor is elected at large, and, the City Council is elected with two at-large and six single-member districts. Duties of the Council include enacting local legislation, adopting annual budgets, setting policies and appointing the Municipal Court Judge and City Manager. The City Manager is the chief administrative officer responsible for carrying out policies and for the daily management of the City.

Serving a population estimated at 175,960, the City provides a full range of services, including but not limited to police and fire protection; emergency ambulance services; development and code services; public libraries; construction and maintenance of streets, parks and recreational facilities; water, wastewater and storm water utility services; a municipal airport; municipal golf courses and other cultural events. Sixteen Public Improvement Districts and three Tax Increment Financing Districts, none of which are legally separate entities, are included in the City's reporting entity. A private contractor provides solid waste collection and disposal services for the City.

The City's financial statements also include two component units that are legally separate entities, yet fiscally dependent on the primary government. The component units are the Grand Prairie Sports Facilities Development Corporation (the "Sports Corporation"), which owns the Lone Star Park at Grand Prairie horse track facility, and the Grand Prairie Housing Finance Corporation (HFC), which was created to issue tax-exempt mortgage revenue bonds to provide affordable housing to low-to-moderate income citizens. Additional information on these component units can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City of Grand Prairie's financial planning and control. According to the City Charter, the City Manager annually prepares and submits a budget to the City Council. The budget is filed with the City Secretary and open for public inspection.

The council reviews the proposed budget and holds a public hearing at which time interested citizens may express their opinion regarding the budget. City Council approves the budget in September and it takes effect for the next fiscal year, beginning October 1. The city manager is authorized to transfer budgeted amounts between line items and departments within any fund; however, any revisions that alter the total expenditure of any fund must be approved by the City Council. The level of budgetary control is the fund level budget in all funds. Internal financial reports sufficient for management to plan, monitor and control the City's financial affairs are generated and distributed monthly. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled project by project. Revenue budgets are reviewed monthly.

Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Grand Prairie operates.

The City of Grand Prairie is ideally located in the heart of the Dallas/Fort Worth metroplex. It is situated midway between Dallas and Fort Worth and just minutes south of the DFW International Airport and Dallas Love Field. Thus, the economic vitality of the region significantly impacts the economic health of Grand Prairie. D/FW is the largest metropolitan area in Texas and has sustained tremendous growth during the past decade. Among this growth, Grand Prairie was recognized as one of the nation's fastest growing cities with more than 100,000 residents, according to the U.S. Census Bureau. In fact, Money magazine named Grand Prairie in the "Top 100 Best Places to Live". They based it on financial, educational, recreational and other indicators to develop this list.

Local Economy

Gross sales tax collection increased almost 4 percent in 2011 over 2010, indicating a strong outlook for 2012. Building permitting remains sluggish overall, but has been boosted recently by jumps in permitted square feet from major projects such as the outlet mall, Paragon Outlets, and manufacturer Poly-America. Paragon Outlets looks to complete its 420,000 plus square-foot outlet mall in summer 2012 and expects to be near 100 percent leased at opening. Poly-America wrapped up a \$12.5 million, 436,014 square-foot industrial expansion, permitted in the previous year. Grand Prairie is holding its own and doing better than most in Texas and the Dallas/Fort Worth area. Developments completed or under construction in 2011 include the following:

- The Reyes Group, a general contracting and construction company, permitted a 27,439 square-foot project estimated at \$1.5 million.
- Red Ball Oxygen, an industrial gas supplier, permitted to build 19,624 square feet valued at \$1.13 million;
- Chicken Express was permitted for 3,065 square feet at a value of \$848,500.

Although single-family residential permits remain sluggish, total foreclosures continued to fall in 2011 according to Multiple Listing Service. Finally, Grand Prairie's unemployment rate fell to 7.9 percent from 8.9 percent in the previous year.

Long-term financial planning

The City of Grand Prairie utilizes a comprehensive capital improvements program document. This process has allowed the City Council to fund several major infrastructure improvements, park enhancements and capital purchases in a systematic manner with full consideration of the impact to the operating budget and tax requirements. Many of these projects have been completed on a pay-as-you-go basis. Utilizing a disciplined practice of annually budgeting for capital reserves, the City has effectively funded various capital projects thus avoiding additional debt expenditures.

Relevant financial policies

The City's financial operations are guided by comprehensive financial management policies introduced by a Purpose Statement that includes the following: "The overriding goal of the Financial Management Policies is to enable the city to achieve a long-term, stable and positive financial condition while conducting its operations consistent with the council-manager form of government established in the City Charter. The watchwords of the city's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure."

The Purpose Statement also includes that "The scope of the policies spans accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash management, expenditure control, and debt management." The City also maintains, as separate documents, comprehensive Investment, Debt Management and Purchasing Policies. They provide guidance both to the City staff in daily, financial decision-making, and, to the City Council at a policy setting level. The policies are annually reviewed by the City Council.

The City of Grand Prairie has been served very well by these comprehensive financial policies. The City has achieved and maintained numerous, financially healthy benchmarks and ratios including sufficient fund balances in all funds, compliance with debt coverage ratios and fiscally sound investment practices. In turn, this financially healthy condition has been an important and positive factor in the evaluation of the City's borrowing needs through bond sales. The City's high credit rating directly affects the City's borrowing costs reflected in lower interest rates and reduced interest expenditures.

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

Major initiatives

2011 marked significant public sector improvements.

- Arkansas Lane was widened to four lanes from Typhon Road to Carrier Parkway to handle additional traffic.
- A new Chipotle Mexican Grill will open in November at Carrier Parkway and I-20.

- A new Verizon Wireless retail store will open in November at Carrier Parkway and I-20 next to Chipotle Mexican Grill.
- By late 2012, all main lanes and frontage roads for State Highway 161 through Grand Prairie are scheduled to be complete from Interstate Highway 20 to State Highway 183.
- Other roadway improvements expected for completion in late 2012 include I-30 Frontage Roads between Belt Line and MacArthur, Hunter-Ferrell Road from Belt Line to MacArthur, Forum/Crossland Road from Robinson Road to Waterwood and Lake Ridge Parkway will be widened to six lanes from I-20 to Great Southwest Parkway.

Awards

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

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

A Certificate of Achievement is valid for a period of one year only. The City has been awarded the GFOA Certificate of Achievement on its comprehensive annual financial reports each year for fiscal years ending 1985 through 2010. The City believes the 2011 CAFR continues to meet the program's requirements, and, we are submitting it to GFOA to determine its eligibility for another certificate and prestigious award.

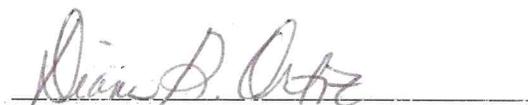
Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department and the Budget and Economic Development Departments for their assistance with related information.

Thanks are also extended to the City Council and Finance and Government Committee for their unfailing support of sound financial management and for maintaining the highest standards of professionalism in the management of the City's finances.

Sincerely,


Tom Hart, City Manager


Diana G. Ortiz, Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grand Prairie
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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



Linda C. Danison

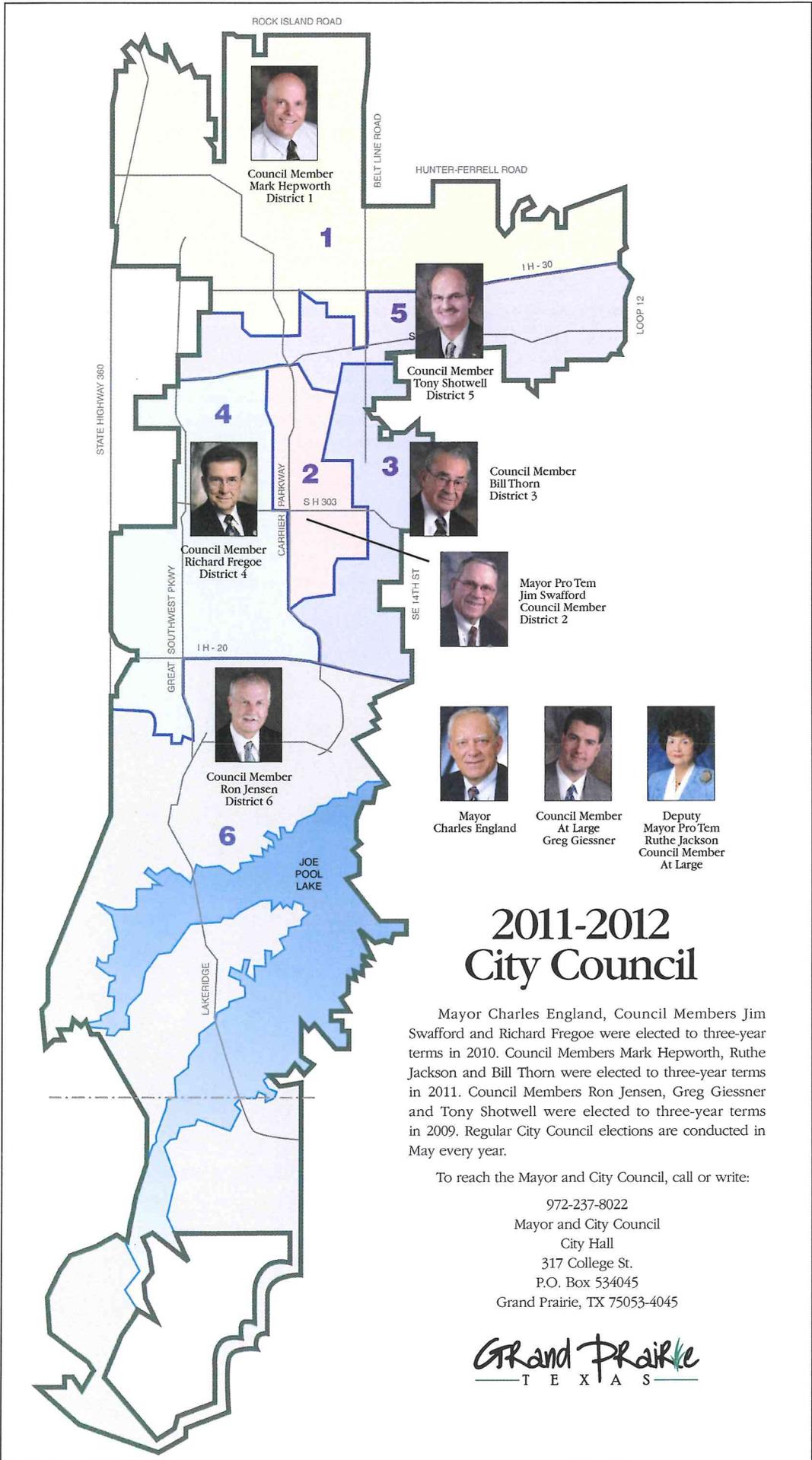
President

Jeffrey R. Enos

Executive Director



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2011-2012 City Council

Mayor Charles England, Council Members Jim Swafford and Richard Fregoe were elected to three-year terms in 2010. Council Members Mark Hepworth, Ruthe Jackson and Bill Thorn were elected to three-year terms in 2011. Council Members Ron Jensen, Greg Giessner and Tony Shotwell were elected to three-year terms in 2009. Regular City Council elections are conducted in May every year.

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

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



CITY OF GRAND PRAIRIE, TEXAS

DIRECTORY OF CITY OFFICIALS

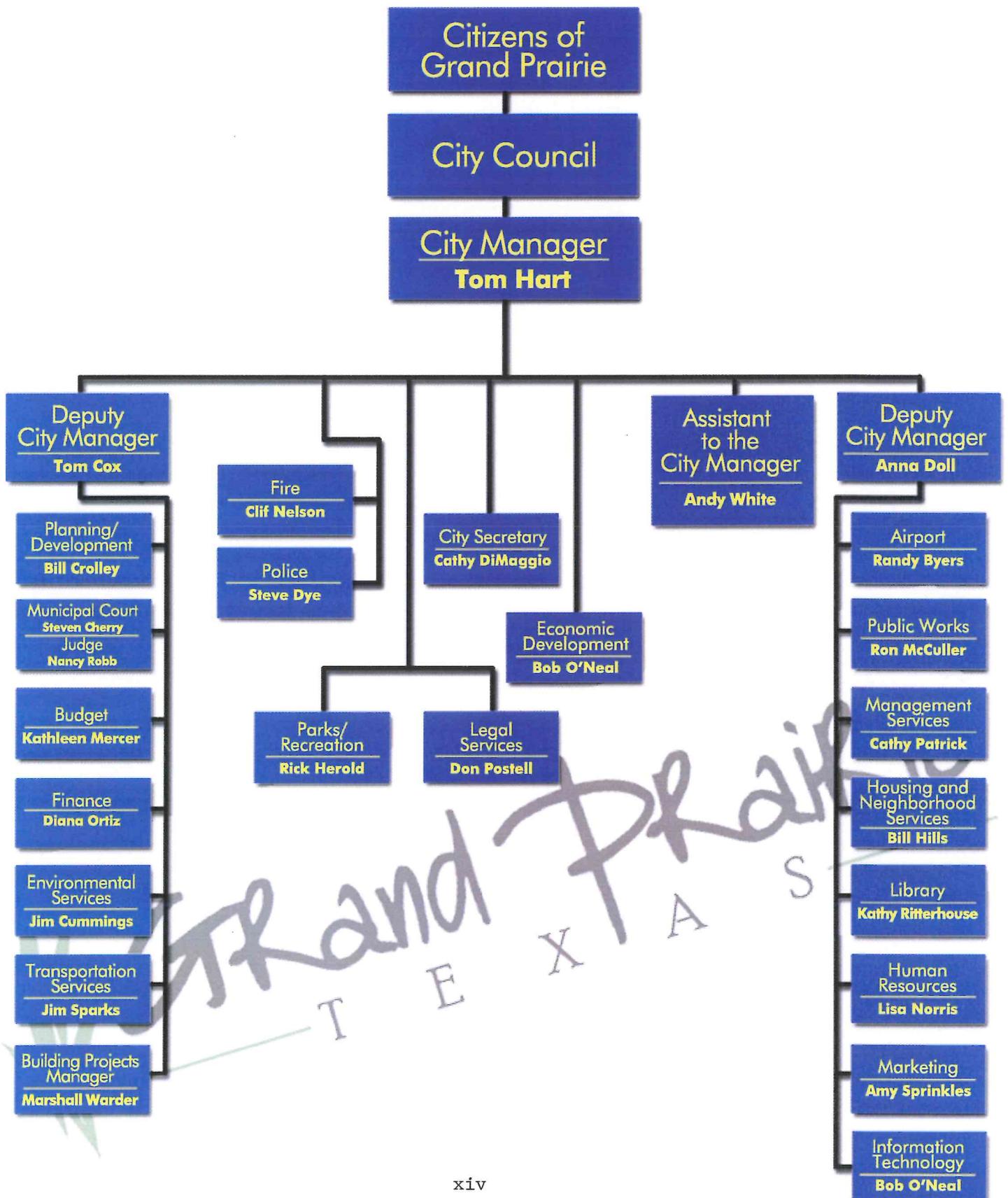
MAYOR AND CITY COUNCIL

| | |
|-----------------|---|
| Charles England | Mayor At Large |
| Mark Hepworth | District 1 |
| Jim Swafford | Mayor Pro Tem - District 2 |
| Bill Thorn | District 3 |
| Richard Fregoe | District 4 |
| Tony Shotwell | District 5 |
| Ron Jensen | District 6 |
| Ruthe Jackson | Deputy Mayor Pro Tem – At Large – Place 7 |
| Greg Giessner | At Large – Place 8 |

EXECUTIVE MANAGERS

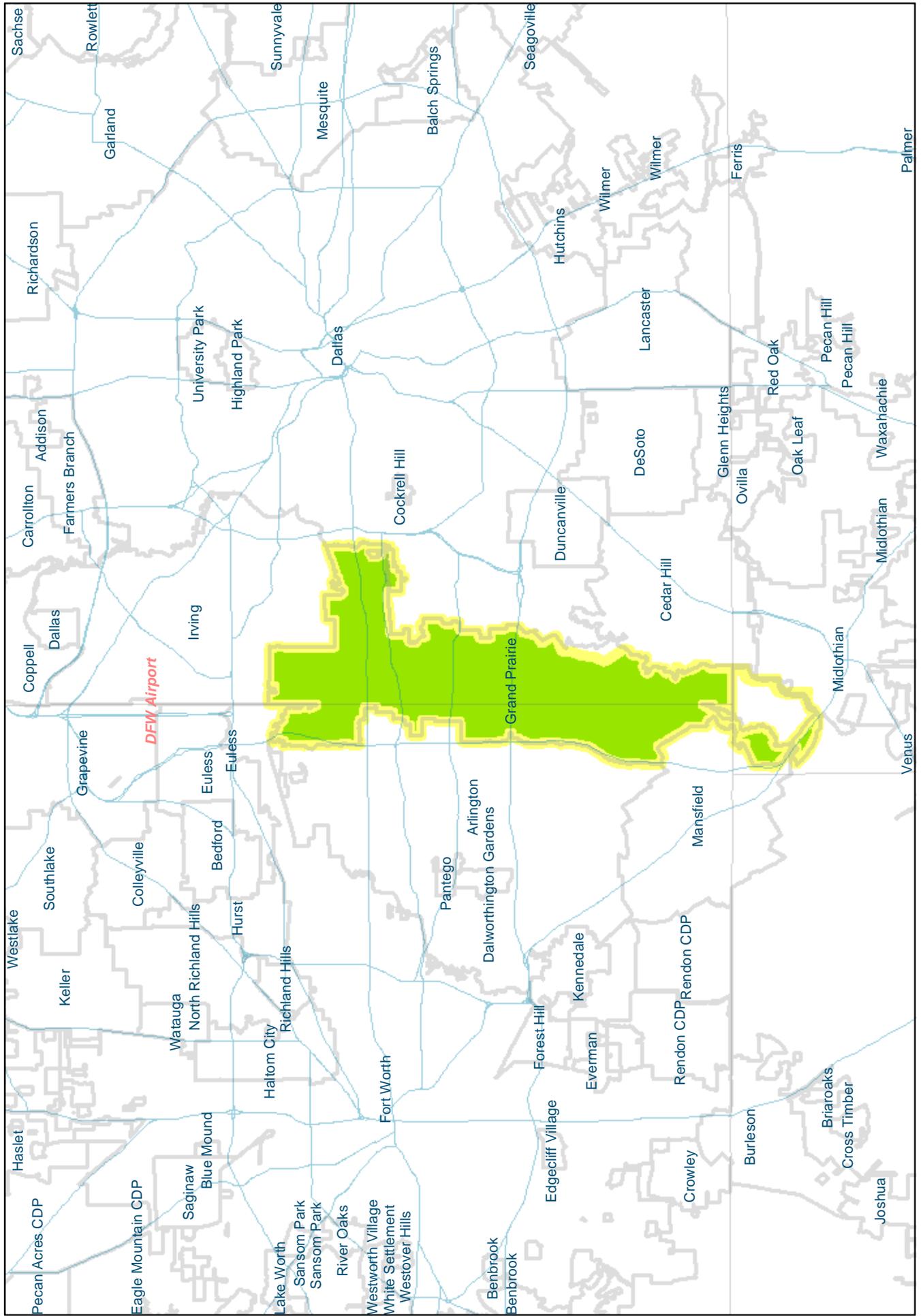
| | |
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| Tom Hart | City Manager |
| Tom Cox | Deputy City Manager |
| Anna Doll | Deputy City Manager |
| Andy White | Assistant to City Manager |
| Randy Byers | Airport Director |
| Steven Cherry | Court Services Director |
| Kathleen Mercer | Budget Director |
| Bill Crolley | Director of Planning & Development |
| Jim Cummings | Environmental Services Director |
| Cathy DiMaggio | City Secretary |
| Rick Herold | Parks & Recreation Director |
| Steve Dye | Police Chief |
| Bill Hills | Housing & Neighborhood Services Director |
| Ron McCuller | Public Works Director |
| Clif Nelson | Fire Chief |
| Lisa Norris | Human Resources Director |
| Diana Ortiz | Chief Financial Officer |
| Bob O’Neal | Economic Development & Information Technology Director |
| Don Postell | City Attorney |
| Kathy Ritterhouse | Library Director |
| Nancy Robb | Municipal Court Judge |
| Jim Sparks | Transportation Director |
| Amy Sprinkles | Marketing Director |
| Cathy Patrick | Management Services Director |

City of Grand Prairie Organizational Chart



City of Grand Prairie, Texas

Located in the middle of the Dallas-Fort Worth Metroplex





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FINANCIAL SECTION





INDEPENDENT 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 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, 2011, 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 did not audit the component unit financial statements for the Grand Prairie Housing Finance Corporation (a discretely presented component unit). Those financial statements were audited by other auditors in accordance with auditing standards generally accepted in the United States of America, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Grand Prairie Housing Finance Corporation is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 and the reports of other auditors provide a reasonable basis for our opinions.

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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Prairie at September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the basic financial statements, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2012 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.

City of Grand Prairie, Texas

Page 2

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.

The accompanying management's discussion and analysis, budget to actual schedules for the General Fund and Section 8 Fund, Texas Municipal Retirement System – Eight Year Analysis of Funding Progress, and Schedule of Other Post Employment Benefits – Funding Progress and Contributions 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.

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 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 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.

Dallas, Texas
March 26, 2012

MANAGEMENT'S DISCUSSION & ANALYSIS



**CITY OF GRAND PRAIRIE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011
(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, 2011. 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, 2011, by \$636,009,124. Of this amount, \$131,602,801 may be used to meet the government's ongoing obligations to citizens and creditors (unrestricted net assets).
- The City's net assets increased by \$3,046,918 for the fiscal year ended September 30, 2011. Capital contributions from private developers for improvements to the City's infrastructure accounted for \$242,865 or 8% of the increase in the City's net assets.
- The City's governmental funds reported combined ending fund balances of \$154,849,486 at September 30, 2011, an increase of \$13,058,909 in comparison with restated beginning combined fund balances. Governmental funds beginning fund balance was decreased by \$413,578 due to implementing GASB 54. Of the governmental funds reported combined fund balances, \$29,186,299 or 18.9% is available for spending within City guidelines (unassigned fund balance).
- The City's unassigned fund balance for the general fund was \$29,186,299 at year end or 35% of total general fund expenditures for the reported fiscal year.
- The City's total long-term liabilities of \$371,635,303 decreased by \$25,362,412 or 6.4% during the reported fiscal year. In fiscal year 2011, the City issued general obligation, certificates of obligation, water and wastewater revenue, a combined \$30,175,000.

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 Crime Control and Prevention District is a legally separate entity that is financially accountable to the City. A blended presentation has been used to report the financial information of this component unit.

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 four major governmental funds: General Fund, Section 8 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 non-major 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, and Section 8 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 one is a major enterprise fund: the Water Wastewater 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 non-major 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 non-major governmental funds, non-major 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 \$636,009,124 at year end. The City had total assets at year end of \$1,035,904,851. The City's pooled cash and investments totaling \$246,394,326 and capital assets (e.g., land, buildings, equipment, infrastructure, and construction in progress), net of accumulated depreciation totaling \$759,832,208 represented 23.8% and 73.4%, 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 \$416,624,601 and represented 65.5% 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 | |
|--|----------------------------|--------------------|-----------------------------|--------------------|-----------------------------|----------------------|
| | 9/30/2010 | 9/30/2011 | 9/30/2010 | 9/30/2011 | 9/30/2010 | 9/30/2011 |
| Cash & investments | \$ 156,257,723 | \$ 169,661,941 | \$ 78,458,732 | \$ 76,732,385 | \$ 234,716,455 | \$ 246,394,326 |
| Other assets | 18,123,329 | 20,393,821 | 8,592,392 | 9,284,496 | 26,715,721 | 29,678,317 |
| Capital assets, net | 584,505,973 | 552,291,879 | 208,853,867 | 207,540,329 | 793,359,840 | 759,832,208 |
| Total assets | <u>758,887,025</u> | <u>742,347,641</u> | <u>295,904,991</u> | <u>293,557,210</u> | <u>1,054,792,016</u> | <u>1,035,904,851</u> |
| Current liabilities | 17,411,068 | 21,160,930 | 7,421,027 | 7,099,494 | 24,832,095 | 28,260,424 |
| Long-term bonded debt | 301,058,520 | 279,252,720 | 75,642,433 | 70,658,546 | 376,700,953 | 349,911,266 |
| Other noncurrent liabilities | 14,855,322 | 16,026,030 | 5,441,440 | 5,698,007 | 20,296,762 | 21,724,037 |
| Total liabilities | <u>333,324,910</u> | <u>316,439,680</u> | <u>88,504,900</u> | <u>83,456,047</u> | <u>421,829,810</u> | <u>399,895,727</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 286,120,135 | 279,371,594 | 134,524,036 | 137,253,007 | 420,644,171 | 416,624,601 |
| Restricted | 9,792,214 | 83,793,231 | 4,228,742 | 3,988,491 | 14,020,956 | 87,781,722 |
| Unrestricted | <u>129,649,766</u> | <u>62,743,136</u> | <u>68,647,313</u> | <u>68,859,665</u> | <u>198,297,079</u> | <u>131,602,801</u> |
| Total net assets | <u>425,562,115</u> | <u>425,907,961</u> | <u>207,400,091</u> | <u>210,101,163</u> | <u>632,962,206</u> | <u>636,009,124</u> |

A portion of the City's net assets totaling \$87,781,722 or 13.8% 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 \$3,046,918 in fiscal year 2011. As previously mentioned, \$242,865 or 8% 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 2011 compared to fiscal 2010 changes in the City's net assets were as follows:

Table 2

Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | 9/30/2010 | 9/30/2011 | 9/30/2010 | 9/30/2011 | 9/30/2010 | 9/30/2011 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 35,277,584 | \$ 39,243,610 | \$ 65,085,186 | \$ 75,796,675 | \$ 100,362,770 | \$ 115,040,285 |
| Operating grants and contributions | 31,232,753 | 37,588,585 | - | - | 31,232,753 | 37,588,585 |
| Capital grants and contributions | 9,112,664 | 2,664,489 | 2,444,475 | 1,792,377 | 11,557,139 | 4,456,866 |
| General revenues: | | | | | | |
| Property tax | 75,091,425 | 71,554,937 | - | - | 75,091,425 | 71,554,937 |
| Sales tax | 39,891,881 | 41,713,795 | - | - | 39,891,881 | 41,713,795 |
| Other tax | 1,232,928 | 1,332,984 | - | - | 1,232,928 | 1,332,984 |
| Franchise fees | 12,060,211 | 13,492,977 | - | - | 12,060,211 | 13,492,977 |
| Investment income | 1,844,371 | 1,341,476 | 425,937 | 6,343 | 2,270,308 | 1,347,819 |
| Total Revenues | <u>205,743,817</u> | <u>208,932,853</u> | <u>67,955,598</u> | <u>77,595,395</u> | <u>273,699,415</u> | <u>286,528,248</u> |
| Expenses: | | | | | | |
| Support services | 17,278,851 | 19,100,748 | - | - | 17,278,851 | 19,100,748 |
| Public safety | 81,872,640 | 88,336,343 | - | - | 81,872,640 | 88,336,343 |
| Recreation and leisure | 21,517,961 | 22,368,768 | - | - | 21,517,961 | 22,368,768 |
| Development and other services | 58,153,994 | 74,251,224 | - | - | 58,153,994 | 74,251,224 |
| Interest on long-term debt | 10,618,864 | 9,817,549 | - | - | 10,618,864 | 9,817,549 |
| Water and wastewater | - | - | 48,888,158 | 52,658,416 | 48,888,158 | 52,658,416 |
| Municipal airport | - | - | 1,999,196 | 2,809,039 | 1,999,196 | 2,809,039 |
| Municipal golf course | - | - | 3,488,564 | 3,521,660 | 3,488,564 | 3,521,660 |
| Storm water utility | - | - | 1,692,009 | 1,537,846 | 1,692,009 | 1,537,846 |
| Solid waste | - | - | 8,931,468 | 9,079,737 | 8,931,468 | 9,079,737 |
| Total expenses | <u>189,442,310</u> | <u>213,874,632</u> | <u>64,999,395</u> | <u>69,606,698</u> | <u>254,441,705</u> | <u>283,481,330</u> |
| Increase in net assets before transfers | 16,301,507 | (4,941,779) | 2,956,203 | 7,988,697 | 19,257,710 | 3,046,918 |
| Transfers | (1,542,012) | 5,625,851 | 1,542,012 | (5,625,851) | - | - |
| Capital assets reassignments | 367,154 | - | (367,154) | - | - | - |
| Change in net assets | 15,126,649 | 684,072 | 4,131,061 | 2,362,846 | 19,257,710 | 3,046,918 |
| Net assets - beginning of year - as previously stated | 410,435,466 | 425,562,115 | 203,269,030 | 207,400,091 | 613,704,496 | 632,962,206 |
| Change in accounting principle | - | (338,226) | - | 338,226 | - | - |
| Net assets - end of year | <u>\$ 425,562,115</u> | <u>\$ 425,907,961</u> | <u>\$ 207,400,091</u> | <u>\$ 210,101,163</u> | <u>\$ 632,962,206</u> | <u>\$ 636,009,124</u> |

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 9/30/2010 | Fiscal Year 9/30/2011 | Increase (Decrease) |
|--------------------------------|--------------------------|--------------------------|------------------------|
| Governmental activities: | | | |
| Property taxes | \$ 75,091,425 | \$ 71,554,937 | \$ (3,536,488) |
| Sales taxes | 39,891,881 | 41,713,795 | 1,821,914 |
| Other taxes | 1,232,928 | 1,332,984 | 100,056 |
| Franchise fees | 12,060,211 | 13,492,977 | 1,432,766 |
| Investment income | 1,844,371 | 1,341,476 | (502,895) |
| Total governmental activities | <u>130,120,816</u> | <u>129,436,169</u> | <u>(684,647)</u> |
| Business-type activities: | | | |
| Investment income | 425,937 | 6,343 | (419,594) |
| Total business-type activities | <u>425,937</u> | <u>6,343</u> | <u>(419,594)</u> |
| Total general revenues | <u>\$ 130,546,753</u> | <u>\$ 129,442,512</u> | <u>\$ (1,104,241)</u> |

Governmental activities. Governmental activities remained sluggish due to the slow pace of the economic recovery. There was a slight increase in net assets of \$684,072 in comparison with restated beginning net assets, accounting for 22.5% of the total growth in net assets. Governmental activities beginning net assets were decreased by \$338,226 due to implementing GASB 54. Total revenue for governmental activities (excluding transfers from business-type activities) increased from the previous year by \$3,189,036. General Revenue which is primarily made up property taxes, sales taxes, and franchise fees had a net decrease of \$684,647. Property tax revenue declined by \$3,536,488 due to a 3.02% drop in net taxable property values. Sales tax collections increased by \$1,821,914. Franchise fee revenue increased \$1,432,766 as a result of higher gross revenues realized in the seasonally sensitive, utility industry. In addition, investment income continued to decrease by \$502,895 primarily due to the very low, market interest rates.

Net assets of governmental operations account for 67% of total net assets. Program revenues of the City include charges for service, operating grants and contributions, and, capital grants and contributions. Two revenue categories, Charges for Service and Operating Grants & Contributions experienced an increase from prior year totaling \$10,321,858.

Business-type activities. Business-type activities increased the City's net assets by \$2,362,846 in comparison with restated beginning net assets, accounting for 77.5% of the total growth in the primary government's net assets. Business type activities beginning net assets were increased by \$338,226 due to implementing GASB 54. Total revenue for the business-type activities increased from the previous year by \$9,639,797 due to sound fiscal management, increased user rates and a harsh, drought year. This increase provided for a healthy, positive change in net assets before transfers. Of the increase, impact fees by private developers to the City's water and wastewater system infrastructure totaled \$1,017,779. Net assets for business type activities

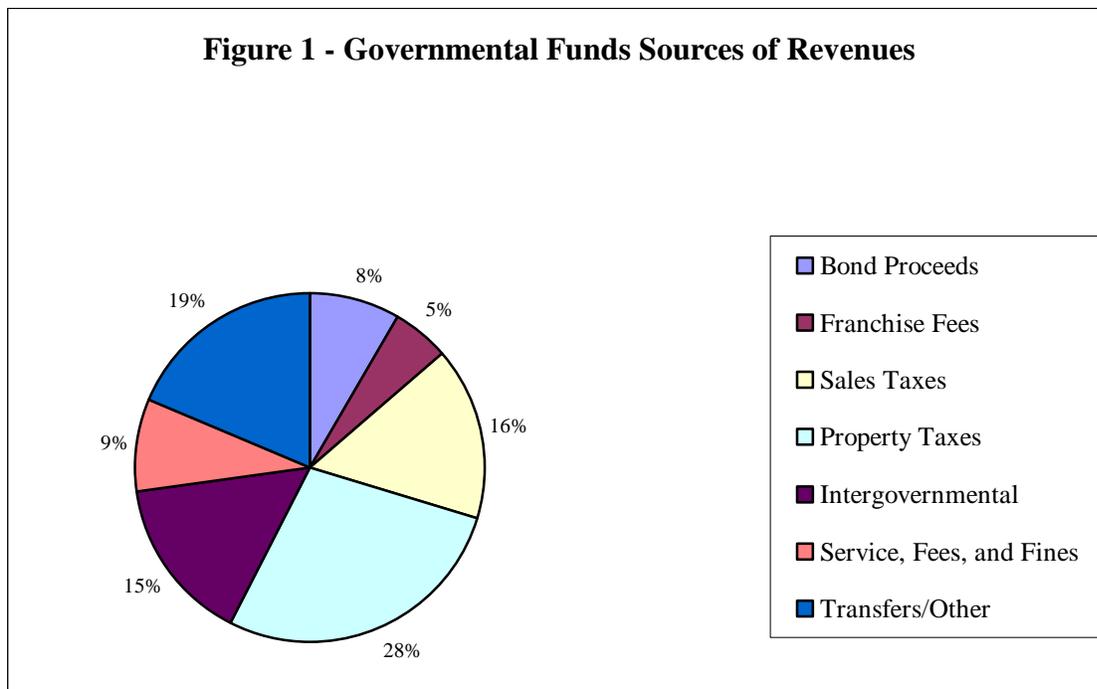
represent 33% of total primary government net assets. Table 2 summarizes the changes in business-type activities net assets.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

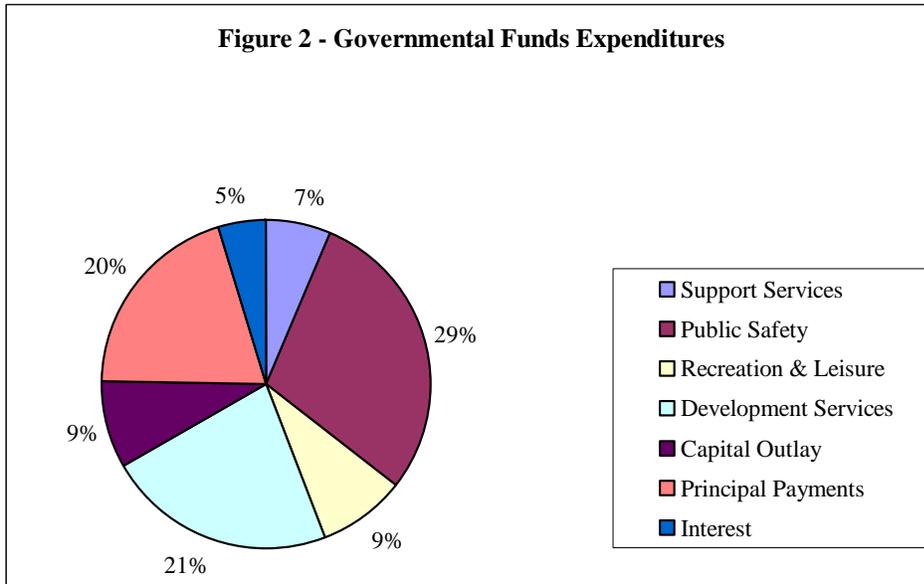
Governmental funds. The focus of City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of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

For fiscal year 2011, the City's governmental funds (excluding internal service funds) reported combined ending fund balances of \$154,849,486, an increase of \$13,058,909 in comparison with the prior year. The unassigned fund balance portion is 19% 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 is non-spendable inventories (\$265,296); restricted by statutory, bond covenant or granting agency (\$89,928,651) for either debt service payments, grant-related use, special taxing districts or for capital projects; committed (\$34,061,536) by City Council; or, assigned by City Manager (\$1,407,704) . Figures 1 and 2 that follow show the distribution of governmental funds' sources of revenues and expenditures, \$257,956,885 and \$244,897,976, respectively, for fiscal year 2011.



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 fiscal year end, unassigned fund balance of the General Fund was \$29,186,299, while total fund balance was \$30,594,003. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35% of total general fund expenditures, while total fund balance represents 37% of that same amount. General Fund's fund balance decreased slightly (planned reduction) in the amount of \$239,570 from the prior fiscal year.

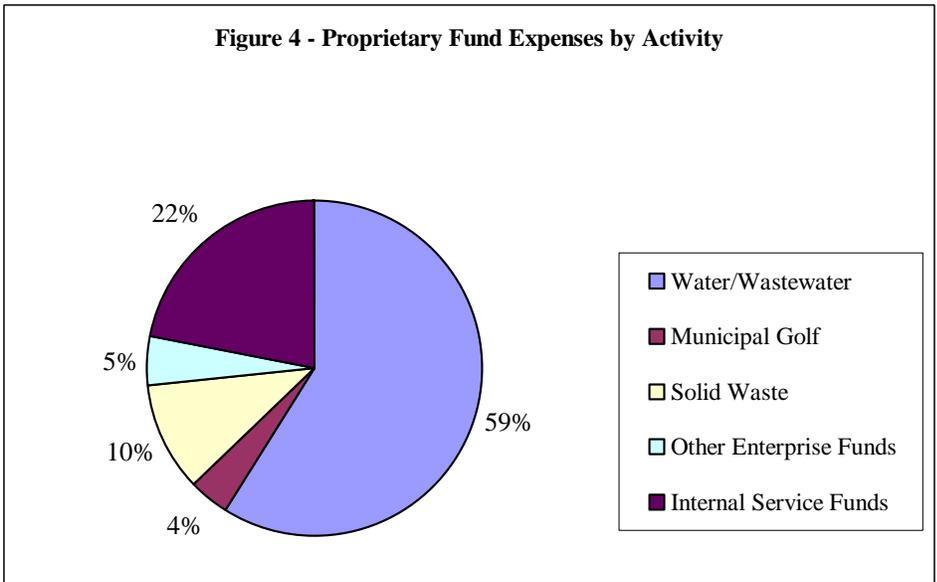
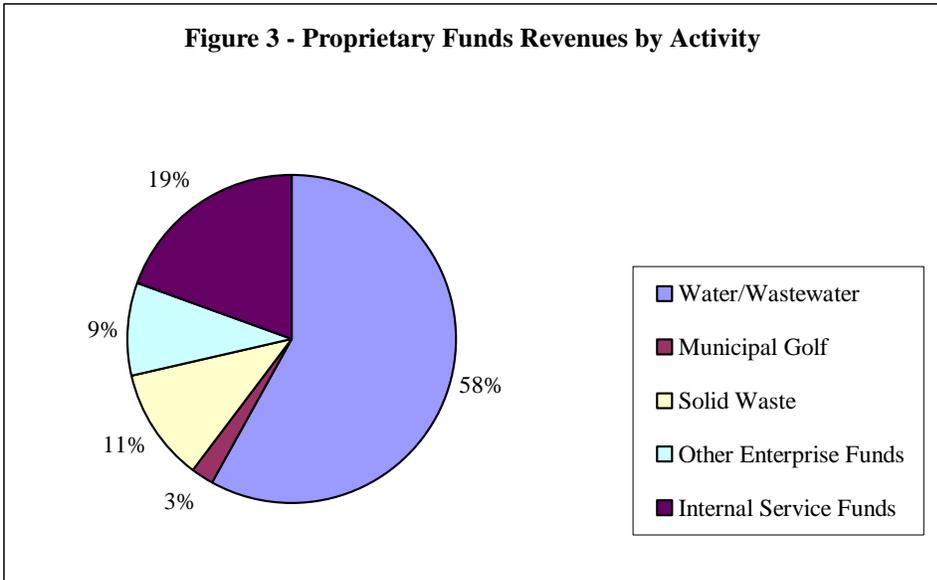
Fund balances of several other governmental funds changed significantly. Existing funds in the Debt Service Fund were utilized that decreased its fund balance by \$757,989. The fund balance total for non-major, governmental funds' increased by \$14,113,022. This increase in change to fund balance is comprised of special revenues' and capital projects' activities totaling \$8,287,031 and \$5,825,991, respectively.

Special revenue funds with significant changes to fund balance are the Senior Center, Baseball Stadium and Public Safety Building where extra debt service payments were made to reduce the amount of outstanding debt for principal and interest in fiscal year 2011. Surplus sales tax proceeds were accumulated in these funds in anticipation of making these early payments for debt service, thus also reducing the time frame for paying off their respective debt. In addition, the Tax Increment Fund (TIF) incurred a positive change to their fund balance as a disbursement for a mall project was not realized. This payment is expected to occur in the next fiscal year. The Pooled Investment fund also realized a positive change to their fund balance in pursuit of meeting financial policy fund balance targets. The Street Maintenance Sales Tax fund received large amounts of transfers in for projects that were not completed by the end of fiscal year. Grant funds received significant revenues for various transportation projects that are in progress.

Capital project funds also experienced positive changes to some of the their projects' fund balances including Drainage, Municipal Facilities, Capital Lending and Others'. These changes are primarily a result of project completion efforts and timing.

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

The net assets of the City's enterprise funds and internal service funds were \$207,964,044 and \$12,421,694, respectively at September 30, 2011. The enterprise funds' amount invested in capital assets, net of related debt represented 66% of total enterprise funds net assets. The internal service funds' amount invested in capital assets, net of related debt represented 7% of total internal service funds' net assets. The enterprise funds' unrestricted net assets were 32.1% of their total net assets, and, internal service funds' unrestricted net assets were 92.9% of their total funds' net assets. The City's enterprise funds reported a sizable income before contributions and transfers of \$6,435,333 while the internal service funds reported a loss of \$1,316,018. The loss was primarily attributable to the Risk Management and Employee Insurance funds that managed premiums but incurred large claims towards fiscal year end. However, the City maintained a fund balance level that meets the City's financial policy targets. 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 \$94,409,328 and expenses of \$89,290,013 (excluding transfers and capital contributions) by activity.



General Fund Budgetary Highlights

For the reported fiscal year, revenues exceeded budgetary estimates by \$3,286,990. Expenditures were under budgetary estimates by \$2,073,990 resulting from continued city-wide efforts in cost containment and reductions in expenditures as the sluggish economy continued. These measures served the city well as the fund realized a nominal decrease in fund balance of \$239,570. The City traditionally budgets revenue conservatively and this practice 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 \$759,832,208. This investment includes land, buildings, improvements other than buildings (includes infrastructure), machinery and equipment, and construction in progress. The City's capital assets decreased from prior year by \$33,527,632 primarily due to depreciation.

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

- Replaced and renewed \$2 million in water and wastewater lines;
- Placed an ambulance into service at Fire Station #7 at the Lake Parks;
- Launched a new fire rescue/dive boat on Joe Pool Lake;
- Installed fiber optics to several City facilities including the airport, animal services office, four fire stations (numbers 5, 6, 7 and 9), Warmack Library and Tourist Information Center;
- Invested \$9 million in street and alley projects; improving 28,705 feet (5.44 miles) and 3,879 feet (.73 mile) respectively;
- Rehabilitated eight foreclosed homes and sold three of them through our 4GOV homes;
- Began extensions of several streets providing access to SH 161;

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 | |
|----------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | 9/30/2010 | 9/30/2011 | 9/30/2010 | 9/30/2011 | 9/30/2010 | 9/30/2011 |
| Land | \$ 32,289,616 | \$ 34,262,571 | \$ 3,903,835 | \$ 4,113,384 | \$ 36,193,451 | \$ 38,375,955 |
| Construction in progress | 123,933,812 | 37,359,555 | 40,849,790 | 8,807,010 | 164,783,602 | 46,166,565 |
| Depreciable capital assets | 664,694,472 | 749,736,766 | 302,309,163 | 345,088,883 | 967,003,635 | 1,094,825,649 |
| Accumulated depreciation | (236,411,927) | (269,067,013) | (138,208,921) | (150,468,948) | (374,620,848) | (419,535,961) |
| Total capital assets, net | <u>\$ 584,505,973</u> | <u>\$ 552,291,879</u> | <u>\$ 208,853,867</u> | <u>\$ 207,540,329</u> | <u>\$ 793,359,840</u> | <u>\$ 759,832,208</u> |

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

Long-term debt. At September 30, 2011, 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 | |
|--|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------------|-----------------------|
| | 9/30/2010 | 9/30/2011 | 9/30/2010 | 9/30/2011 | 9/30/2010 | 9/30/2011 |
| Bonded debt | \$ 301,058,520 | \$ 279,252,720 | \$ 75,642,433 | \$ 70,658,546 | \$ 376,700,953 | \$ 349,911,266 |
| Accrued compensated absences | 12,828,553 | 13,154,156 | 370,309 | 380,014 | 13,198,862 | 13,534,170 |
| Other Post Employment Benefit | 1,814,706 | 2,824,044 | - | - | 1,814,706 | 2,824,044 |
| Pollution liability | 212,063 | 47,830 | - | - | 212,063 | 47,830 |
| Closure and post closure liability | - | - | 5,071,131 | 5,317,993 | 5,071,131 | 5,317,993 |
| Total long-term debt | <u>\$ 315,913,842</u> | <u>\$ 295,278,750</u> | <u>\$ 81,083,873</u> | <u>\$ 76,356,553</u> | <u>\$ 396,997,715</u> | <u>\$ 371,635,303</u> |
| Long-term debt to net assets percentage | 74% | 69% | 39% | 36% | 63% | 58% |

Of the total bonded debt, \$240,909,997 or 68.8% 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 \$30,175,000 in new bonded debt and repaid principal on bonds totaling \$57,149,261. The City's interest expense on its bonded debt was \$12,977,080 for the reported fiscal year.

Additional information is detailed in the **Notes to Basic Financial Statements**, section 3. b. 2, pages 56-70.

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

| | Moody's | Fitch IBCA | Standard & Poor's |
|------------------------------------|---------|------------|-------------------|
| General obligation bonds | n/a | AA+ | AA+ |
| Sales tax revenue bonds | A1 | AA | n/a |
| Water and wastewater revenue bonds | n/a | AA+ | AAA |

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates and fees that will be charged for the business-type activities. One of the biggest factors continued to be the national economy. Building and development growth rates remained sluggish in the residential sector while commercial type permitting increased. Although the City is largely built out and mature, there are still several areas available mainly in higher end, residential growth including a 1,000 acre peninsula on Joe Pool Lake. Also, due to the future construction of frontage roads along the interstates and the extension of a toll road through the City, commercial and retail activity is expected to bolster the City for some time. The City has experienced above-average population growth since 2000, which has placed additional demands on the City to maintain or expand services. The City's unemployment rate is

currently approximately 7.9% which is below the national unemployment rate of 8.9% for the same period.

These indicators are taken into account when adopting the General Fund budget for fiscal year 2012:

- An increase over prior year of 1.67% in property tax assessed values resulting in more property tax revenues. This revenue was reflected in budgeted revenues with an increase of \$1,005,302 as compared to prior fiscal year. The City has maintained a stable property tax rate and did not change it from 0.669998 per \$100 valuation for fiscal year 2011.
- A 5% increase in budgeted sales tax revenues as compared to prior fiscal year budget due to stronger than expected collections. There is no change in the City's sales tax rate.
- The City's very strong financial position, favorable bond ratings and continued low interest expense rates.

The City expects a slight increase in other general revenues of governmental activities overall. Investment income is expected to continue a decline from fiscal year 2011 due to lower interest rates earned on new investments of surplus cash compared to the higher rates on maturing securities and the completion of major capital projects.

The City's total approved operating appropriations and reserves for fiscal year 2012 is \$214,682,542, an increase of \$13,084,857 or 6.5% as compared to prior fiscal year original budget. The general fund approved appropriations for fiscal year 2012 is \$102,765,268, an increase of \$5,549,744 or 5.7% from prior year. The remaining change in total budgeted operating appropriations and reserves includes an increase of \$6,401,025 in the Water Wastewater Fund, \$619,979 in Airport, \$621,330 in Solid Waste and \$430,922 in Storm Water Utility Fund.

The City's total approved planned capital projects for fiscal year 2012 includes \$35,693,730 in appropriation requests. The fiscal year 2012 planned capital projects includes \$10,591,102 for water and wastewater improvements, \$7,602,234 in street and signal improvements, \$1,274,000 in parks improvements and \$5,833,500 in storm drainage improvements.

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, 2011

| ASSETS | Primary Government | | | GRAND PRAIRIE SPORTS FACILITIES DEVELOPMENT | GRAND PRAIRIE HOUSING FINANCE CORPORATION |
|--|----------------------------|-----------------------------|----------------|---|---|
| | Governmental Activities | Business-Type Activities | Total | | |
| Cash and cash equivalents | \$ 24,203,903 | \$ 13,511,886 | \$ 37,715,789 | \$ 9,641,911 | \$ 279,256 |
| Investments | 18,802,536 | 47,216,138 | 66,018,674 | 5,011,492 | 175,877 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Property tax | 1,903,708 | - | 1,903,708 | - | - |
| Franchise fees | 2,737,246 | - | 2,737,246 | - | - |
| Sales tax | 9,075,464 | - | 9,075,464 | - | - |
| Lease payments receivable | - | - | - | 359,528 | - |
| Other receivables | 3,189,978 | 5,581,306 | 8,771,284 | 27,767 | - |
| Due from other governments | 265,296 | - | 265,296 | - | - |
| Internal balances | (2,137,119) | 2,137,119 | - | - | - |
| Inventories and supplies | 188,770 | 612,218 | 800,988 | - | - |
| Prepays | 2,993,447 | 11,562 | 3,005,009 | - | 31,208 |
| Deferred charges | 2,177,031 | 942,291 | 3,119,322 | - | 331,351 |
| Restricted assets: | | | | | |
| Cash and cash equivalents | 71,115,213 | 11,632,855 | 82,748,068 | - | 1,139,392 |
| Investments | 55,540,289 | 4,371,506 | 59,911,795 | - | - |
| Lease payments receivable | - | - | - | 15,002,276 | - |
| Estimated unguaranteed residual value | - | - | - | 52,521,976 | - |
| Capital assets: | | | | | |
| Land | 34,262,571 | 4,113,384 | 38,375,955 | - | 1,612,851 |
| Buildings | 177,388,793 | 10,987,546 | 188,376,339 | - | 19,982,040 |
| Equipment | 81,011,292 | 24,608,339 | 105,619,631 | - | - |
| Infrastructure | 491,336,681 | 309,492,998 | 800,829,679 | - | - |
| Construction in progress | 37,359,555 | 8,807,010 | 46,166,565 | - | - |
| Less accumulated depreciation | (269,067,013) | (150,468,948) | (419,535,961) | - | (5,803,190) |
| Total capital assets | 552,291,879 | 207,540,329 | 759,832,208 | - | 15,791,701 |
| Total assets | 742,347,641 | 293,557,210 | 1,035,904,851 | 82,564,950 | 17,748,785 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 7,255,680 | 2,734,573 | 9,990,253 | 2,448 | 143,854 |
| Accrued liabilities | 7,835,239 | 1,405,033 | 9,240,272 | - | 507,863 |
| Customer deposits | 21,354 | 2,736,857 | 2,758,211 | - | 41,561 |
| Unearned revenue | 6,048,657 | 223,031 | 6,271,688 | - | - |
| Noncurrent liabilities: | | | | | |
| Due within one year: | | | | | |
| Accrued compensated absences | 4,841,191 | 360,626 | 5,201,817 | - | - |
| Current portion of long term debt | 18,392,028 | 4,337,972 | 22,730,000 | - | 349,139 |
| Environmental remediation obligation | 47,830 | - | 47,830 | - | - |
| Due in more than one year: | | | | | |
| Accrued compensated absences | 8,312,965 | 19,388 | 8,332,353 | - | - |
| OPEB liability | 2,824,044 | - | 2,824,044 | - | - |
| Closure and postclosure liability | - | 5,317,993 | 5,317,993 | - | - |
| Long term debt | 260,860,692 | 66,320,574 | 327,181,266 | - | 16,421,765 |
| Total liabilities | 316,439,680 | 83,456,047 | 399,895,727 | 2,448 | 17,464,182 |
| Invested in capital assets (net of related debt) | 279,371,594 | 137,253,007 | 416,624,601 | - | 171,729 |
| Restricted for: | | | | | |
| Debt service | 7,474,773 | 3,988,491 | 11,463,264 | - | - |
| Special revenue purposes | 50,268,121 | - | 50,268,121 | - | - |
| Capital projects purposes | 26,050,337 | - | 26,050,337 | - | - |
| Facility lease | - | - | - | 67,883,780 | - |
| Replacement reserve | - | - | - | - | 110,555 |
| Unrestricted | 62,743,136 | 68,859,665 | 131,602,801 | 14,678,722 | 2,319 |
| Total net assets | \$ 425,907,961 | \$ 210,101,163 | \$ 636,009,124 | \$ 82,562,502 | \$ 284,603 |

See accompanying notes to basic financial statements.

**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| FUNCTIONS/ACTIVITY | Expenses | Program Revenues | | |
|---|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Support services | \$ 19,100,748 | \$ 5,981,676 | \$ 531,337 | \$ - |
| Public safety services | 88,336,343 | 16,384,019 | 2,907,046 | - |
| Recreation and leisure services | 22,368,768 | 8,886,903 | 389,997 | - |
| Development services and other | 74,251,224 | 7,991,012 | 33,760,205 | 2,664,489 |
| Interest on long-term debt | 9,817,549 | - | - | - |
| Total governmental activities | <u>213,874,632</u> | <u>39,243,610</u> | <u>37,588,585</u> | <u>2,664,489</u> |
| Business-type activities: | | | | |
| Water and wastewater | 52,658,416 | 54,761,115 | - | 1,792,377 |
| Municipal airport | 2,809,039 | 3,791,577 | - | - |
| Golf | 3,521,660 | 2,244,356 | - | - |
| Storm water | 1,537,846 | 5,015,547 | - | - |
| Solid waste | 9,079,737 | 9,984,080 | - | - |
| Total business-type activities | <u>69,606,698</u> | <u>75,796,675</u> | <u>-</u> | <u>1,792,377</u> |
| Total primary government | <u>\$ 283,481,330</u> | <u>\$ 115,040,285</u> | <u>\$ 37,588,585</u> | <u>\$ 4,456,866</u> |
| Component units: | | | | |
| Grand Prairie Sports Facilities Development | 3,541,110 | 1,533,442 | - | - |
| Grand Prairie Housing Finance Corporation | 5,717,866 | 5,270,427 | - | - |
| Component units: | <u>\$ 9,258,976</u> | <u>\$ 6,803,869</u> | <u>\$ -</u> | <u>\$ -</u> |

General revenues:

Taxes:

 Property tax

 Sales tax

 Hotel/motel tax and other taxes

 Franchise fees based on gross receipt

 Investment income

Transfers

Total general revenues and transfers

Special Item:

 Gain on debt restructuring

 Change in net assets

Net assets-beginning of year

Change in accounting principle

Net assets - end of year

See accompanying notes to basic financial statements.

| Net (Expense) Revenue and Changes in Net Assets Primary Government | | | GRAND PRAIRIE SPORTS FACILITIES DEVELOPMENT | GRAND PRAIRIE HOUSING FINANCE CORPORATION |
|--|-----------------------------|-----------------------|---|---|
| Governmental Activities | Business-Type Activities | Total | | |
| \$ (12,587,735) | \$ - | \$ (12,587,735) | \$ - | \$ - |
| (69,045,278) | - | (69,045,278) | - | - |
| (13,091,868) | - | (13,091,868) | - | - |
| (29,835,518) | - | (29,835,518) | - | - |
| (9,817,549) | - | (9,817,549) | - | - |
| <u>(134,377,948)</u> | <u>-</u> | <u>(134,377,948)</u> | <u>-</u> | <u>-</u> |
| - | 3,895,076 | 3,895,076 | - | - |
| - | 982,538 | 982,538 | - | - |
| - | (1,277,304) | (1,277,304) | - | - |
| - | 3,477,701 | 3,477,701 | - | - |
| - | 904,343 | 904,343 | - | - |
| <u>-</u> | <u>7,982,354</u> | <u>7,982,354</u> | <u>-</u> | <u>-</u> |
| <u>(134,377,948)</u> | <u>7,982,354</u> | <u>(126,395,594)</u> | <u>-</u> | <u>-</u> |
| | | | (2,007,668) | - |
| | | | - | (447,439) |
| | | | <u>(2,007,668)</u> | <u>(447,439)</u> |
| 71,554,937 | - | 71,554,937 | - | - |
| 41,713,795 | - | 41,713,795 | - | - |
| 1,332,984 | - | 1,332,984 | - | - |
| 13,492,977 | - | 13,492,977 | - | - |
| 1,341,476 | 6,343 | 1,347,819 | 62,747 | 2,449 |
| 5,625,851 | (5,625,851) | - | - | - |
| <u>135,062,020</u> | <u>(5,619,508)</u> | <u>129,442,512</u> | <u>62,747</u> | <u>2,449</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,083,012</u> |
| 684,072 | 2,362,846 | 3,046,918 | (1,944,921) | 1,638,022 |
| 425,562,115 | 207,400,091 | 632,962,206 | 84,507,423 | (1,353,419) |
| (338,226) | 338,226 | - | - | - |
| <u>\$ 425,907,961</u> | <u>\$ 210,101,163</u> | <u>\$ 636,009,124</u> | <u>\$ 82,562,502</u> | <u>\$ 284,603</u> |

**CITY OF GRAND PRAIRIE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

| | <u>General</u> | <u>Section 8</u> | <u>Street Improvements</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|---------------------|--------------------------------|-------------------------|---|---|
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 15,768,848 | \$ 3,403,561 | \$ 25,561,396 | \$ 6,765,768 | \$ 35,367,942 | \$ 86,867,515 |
| Investments | 12,281,333 | 2,903,109 | 4,640,829 | 8,761 | 47,987,590 | 67,821,622 |
| Property tax receivable | 1,370,731 | - | - | 532,977 | - | 1,903,708 |
| Sales tax receivable | 4,626,186 | - | - | - | 4,449,278 | 9,075,464 |
| Franchise fees receivable | 2,666,917 | - | - | - | 70,329 | 2,737,246 |
| Other receivables | 2,370,826 | - | - | 7,140 | 812,012 | 3,189,978 |
| Due from other governments | - | - | - | - | 2,966,348 | 2,966,348 |
| Prepays | - | - | - | - | 265,296 | 265,296 |
| Total assets | <u>\$ 39,084,841</u> | <u>\$ 6,306,670</u> | <u>\$ 30,202,225</u> | <u>\$ 7,314,646</u> | <u>\$ 91,918,795</u> | <u>\$ 174,827,177</u> |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 2,950,850 | \$ 68,939 | \$ 873,529 | \$ - | \$ 3,185,548 | \$ 7,078,866 |
| Accrued liabilities | 2,054,410 | 26,893 | 123,156 | - | 1,013,804 | 3,218,263 |
| Customer deposits | - | - | - | - | 21,354 | 21,354 |
| Deferred revenue | 3,485,578 | - | 986,014 | 499,116 | 4,688,500 | 9,659,208 |
| Total liabilities | <u>8,490,838</u> | <u>95,832</u> | <u>1,982,699</u> | <u>499,116</u> | <u>8,909,206</u> | <u>19,977,691</u> |
| Fund Balance: | | | | | | |
| Nonspendable | - | - | - | - | 265,296 | 265,296 |
| Restricted | - | 6,210,838 | 28,219,526 | 6,815,530 | 48,682,757 | 89,928,651 |
| Committed | - | - | - | - | 34,061,536 | 34,061,536 |
| Assigned | 1,407,704 | - | - | - | - | 1,407,704 |
| Unassigned | 29,186,299 | - | - | - | - | 29,186,299 |
| Total fund balance | <u>30,594,003</u> | <u>6,210,838</u> | <u>28,219,526</u> | <u>6,815,530</u> | <u>83,009,589</u> | <u>154,849,486</u> |
| Total liabilities and fund balance | <u>\$ 39,084,841</u> | <u>\$ 6,306,670</u> | <u>\$ 30,202,225</u> | <u>\$ 7,314,646</u> | <u>\$ 91,918,795</u> | <u>\$ 174,827,177</u> |

See accompanying notes to basic financial statements.

**CITY OF GRAND PRAIRIE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

Total fund balance - total governmental funds \$ 154,849,486

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 \$879,427. 551,412,452

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. 3,610,551

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet. (1,181,529)

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 \$2,137,119). 10,284,575

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 | \$ (91,693,399) | |
| Certificates of obligation | (94,652,457) | |
| Sales tax revenue bonds | (26,300,000) | |
| Sales tax venue revenue bonds | (20,390,000) | |
| Sales tax venue certificates of obligation | (46,225,000) | |
| Unamortized bond issuance costs | 2,177,031 | |
| Unamortized bond premium/discount, net, and loss on refunding | (536,595) | |
| Unamortized loss of refunding | 544,731 | |
| Compensated absences (excludes Internal service fund total of \$34,145) | (13,120,011) | |
| Other post employment benefits | (2,824,044) | |
| Environmental remediation obligation | (47,830) | <u>(293,067,574)</u> |

Net assets of governmental activities \$ 425,907,961

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, 2011**

| | <u>General</u> | <u>Section 8</u> | <u>Street Improvements</u> | <u>Debt Service Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|----------------------|---------------------|--------------------------------|------------------------------|---|---|
| REVENUE | | | | | | |
| Property tax | \$ 40,552,706 | \$ - | \$ - | \$ 15,493,076 | \$ 15,495,346 | \$ 71,541,128 |
| Sales tax | 20,651,345 | - | - | - | 21,062,450 | 41,713,795 |
| Other taxes | 230,436 | - | - | - | 1,102,548 | 1,332,984 |
| Franchise fees | 13,041,940 | - | - | - | 451,037 | 13,492,977 |
| Charges for goods and services | 4,876,764 | 54,203 | 542,167 | - | 7,488,159 | 12,961,293 |
| Licenses and permits | 2,258,224 | 200,862 | - | - | 184,648 | 2,643,734 |
| Fines and forfeitures | 5,112,430 | - | - | - | 1,874,857 | 6,987,287 |
| Intergovernmental revenue | 785,983 | 24,573,016 | 1,633,317 | - | 12,470,564 | 39,462,880 |
| General and administrative revenue | 3,951,715 | - | - | - | - | 3,951,715 |
| Investment income | 232,135 | 10,000 | - | 587 | 1,098,754 | 1,341,476 |
| Rents and Royalties | - | - | - | - | 1,901,388 | 1,901,388 |
| Contributions | - | - | - | - | 1,851,161 | 1,851,161 |
| Other | 1,047,336 | 41,670 | 45,319 | - | 1,226,084 | 2,360,409 |
| Total revenue | <u>92,741,014</u> | <u>24,879,751</u> | <u>2,220,803</u> | <u>15,493,663</u> | <u>66,206,996</u> | <u>201,542,227</u> |
| EXPENDITURES | | | | | | |
| Current operations: | | | | | | |
| Support services | 10,405,522 | - | - | - | 3,672,579 | 14,078,101 |
| Public safety services | 59,400,698 | - | - | - | 3,450,034 | 62,850,732 |
| Recreation and leisure services | 1,650,855 | - | - | - | 16,944,478 | 18,595,333 |
| Development services and other | 11,324,201 | 24,551,059 | 891,596 | - | 11,827,629 | 48,594,485 |
| Capital outlay | 605,251 | 49,912 | 5,855,203 | - | 12,000,593 | 18,510,959 |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | 9,194,944 | 19,799,000 | 28,993,944 |
| Interest charges | - | - | 74,435 | 6,682,875 | 3,502,473 | 10,259,783 |
| Total expenditures | <u>83,386,527</u> | <u>24,600,971</u> | <u>6,821,234</u> | <u>15,877,819</u> | <u>71,196,786</u> | <u>201,883,337</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>9,354,487</u> | <u>278,780</u> | <u>(4,600,431)</u> | <u>(384,156)</u> | <u>(4,989,790)</u> | <u>(341,110)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 1,836,775 | 1,110,514 | 491,371 | 50,000 | 30,877,300 | 34,365,960 |
| Transfers out | (11,984,326) | (1,168,801) | (1,617,540) | (606,993) | (13,331,284) | (28,708,944) |
| Premium on debt issued | - | - | - | 253,855 | - | 253,855 |
| Bonds issued | - | - | 5,449,553 | - | 1,550,447 | 7,000,000 |
| Refunding bond issued | - | - | - | 14,235,000 | - | 14,235,000 |
| Payment to refunded bond escrow agent | - | - | - | (14,305,695) | - | (14,305,695) |
| Sale of capital assets | 553,494 | - | - | - | 6,349 | 559,843 |
| Total other financing sources (uses) | <u>(9,594,057)</u> | <u>(58,287)</u> | <u>4,323,384</u> | <u>(373,833)</u> | <u>19,102,812</u> | <u>13,400,019</u> |
| Net change in fund balance | (239,570) | 220,493 | (277,047) | (757,989) | 14,113,022 | 13,058,909 |
| Fund balance - beginning of year | 30,101,515 | 5,988,245 | 28,496,573 | 7,573,519 | 70,044,303 | 142,204,155 |
| Change in accounting principle | <u>732,058</u> | <u>2,100</u> | <u>-</u> | <u>-</u> | <u>(1,147,736)</u> | <u>(413,578)</u> |
| Restated Fund balance -beginning of year | 30,833,573 | 5,990,345 | 28,496,573 | 7,573,519 | 68,896,567 | 141,790,577 |
| Fund balance - end of year | <u>\$ 30,594,003</u> | <u>\$ 6,210,838</u> | <u>\$ 28,219,526</u> | <u>\$ 6,815,530</u> | <u>\$ 83,009,589</u> | <u>\$ 154,849,486</u> |

See accompanying notes to basic financial statements.

**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, 2011**

| | | |
|---|--------------|-------------------|
| Net change in fund balances - total governmental funds | | \$ 13,058,909 |
| 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. | | 18,510,959 |
| The net effect of various transactions involving capital assets (ie., disposals, sales, and trade ins) is a decrease to net assets. | | (14,717,259) |
| 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 expenditures in governmental funds. This is the amount of governmental depreciation excluding internal service funds depreciation \$37,414. | | (36,088,524) |
| Governmental funds do not report developers' contributions as revenues, whereas these amounts are reported in the statement of activities as contributions not restricted to specific programs. | | 82,728 |
| 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. | | |
| | (21,130,359) | |
| | 43,283,945 | |
| | (149,480) | 22,004,106 |
| 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. | | |
| | (326,814) | |
| | 99,433 | |
| | (1,009,338) | |
| | 164,233 | (1,072,486) |
| Some property tax and intergovernmental 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. | | 13,809 |
| 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 loss of the internal service funds is reported with governmental activities net of the amount allocated to business-type activities (\$239,013). | | (1,108,170) |
| Change in net assets of governmental activities | | <u>\$ 684,072</u> |

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

| | Business-Type Activities | | | Governmental |
|--|--------------------------|----------------------|-----------------------|----------------------|
| | Enterprise Funds | | | Activities |
| | Water | Other | Total | Internal |
| Wastewater | Nonmajor | Service | | Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 9,808,685 | \$ 3,703,201 | \$ 13,511,886 | \$ 8,435,055 |
| Investments | 31,522,623 | 15,693,515 | 47,216,138 | 6,521,203 |
| Accounts receivable, net | 4,358,684 | 1,222,622 | 5,581,306 | - |
| Prepays | - | 11,562 | 11,562 | 27,099 |
| Inventories and supplies | 552,611 | 59,607 | 612,218 | 188,770 |
| Deferred charges | 925,837 | 16,454 | 942,291 | - |
| Current restricted assets: | | | | |
| Cash and cash equivalents | 11,448,178 | 184,677 | 11,632,855 | 16,546 |
| Investments | 3,988,491 | 383,015 | 4,371,506 | - |
| Total current assets | <u>62,605,109</u> | <u>21,274,653</u> | <u>83,879,762</u> | <u>15,188,673</u> |
| Capital assets: | | | | |
| Land | 1,605,299 | 2,508,085 | 4,113,384 | 737,566 |
| Buildings | 2,361,045 | 8,626,501 | 10,987,546 | 1,477,875 |
| Equipment | 17,126,281 | 7,482,058 | 24,608,339 | 2,018,138 |
| Infrastructure | 279,135,897 | 30,357,101 | 309,492,998 | 16,672 |
| Construction in progress | 7,194,198 | 1,612,812 | 8,807,010 | - |
| Less accumulated depreciation | (128,756,190) | (21,712,758) | (150,468,948) | (3,370,824) |
| Total capital assets | <u>178,666,530</u> | <u>28,873,799</u> | <u>207,540,329</u> | <u>879,427</u> |
| Total assets | <u>241,271,639</u> | <u>50,148,452</u> | <u>291,420,091</u> | <u>16,068,100</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,964,378 | 770,195 | 2,734,573 | 176,814 |
| Accrued liabilities | 427,613 | 419,250 | 846,863 | 3,435,447 |
| Accrued compensated absences | 218,202 | 142,424 | 360,626 | 32,606 |
| Unearned revenue | - | 223,031 | 223,031 | - |
| Current liabilities payable from restricted assets: | | | | |
| Customer deposits | 2,673,484 | 63,373 | 2,736,857 | - |
| Accrued liabilities | 511,823 | 46,347 | 558,170 | - |
| Current portion of long-term debt | 3,880,000 | 457,972 | 4,337,972 | - |
| Total current liabilities | <u>9,675,500</u> | <u>2,122,592</u> | <u>11,798,092</u> | <u>3,644,867</u> |
| Noncurrent liabilities: | | | | |
| Accrued compensated absences | - | 19,388 | 19,388 | 1,539 |
| Closure and postclosure liability | - | 5,317,993 | 5,317,993 | - |
| Long-term debt | 58,433,739 | 7,886,835 | 66,320,574 | - |
| Total noncurrent liabilities | <u>58,433,739</u> | <u>13,224,216</u> | <u>71,657,955</u> | <u>1,539</u> |
| Total liabilities | <u>68,109,239</u> | <u>15,346,808</u> | <u>83,456,047</u> | <u>3,646,406</u> |
| NET ASSETS | | | | |
| Invested in capital assets (net of related debt) | 116,724,014 | 20,528,993 | 137,253,007 | 879,427 |
| Restricted for debt service | 3,988,491 | - | 3,988,491 | - |
| Unrestricted | 52,449,895 | 14,272,651 | 66,722,546 | 11,542,267 |
| Total net assets | <u>\$ 173,162,400</u> | <u>\$ 34,801,644</u> | <u>\$ 207,964,044</u> | <u>\$ 12,421,694</u> |
| Reconciliation to government-wide Statement of Net Assets: | | | | |
| Adjustments to reflect the consolidations of internal service funds activities related to enterprise funds | | | 2,137,119 | |
| Net assets of business-type activities | | | <u>\$ 210,101,163</u> | |

See accompanying notes to basic financial statements.

CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF REVENUE, EXPENSE AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Business-Type Activities | | | Governmental |
|---|--------------------------|----------------------|-----------------------|------------------------------|
| | Enterprise Funds | | | Activities |
| | Water Wastewater | Other Nonmajor | Total | Internal Service Funds |
| OPERATING REVENUE | | | | |
| Sales to customers | \$ 33,135,212 | \$ 18,964,546 | \$ 52,099,758 | \$ 4,211,774 |
| Wastewater charges to customers | 19,297,083 | - | 19,297,083 | - |
| Water and wastewater fees | 1,386,335 | - | 1,386,335 | - |
| Wastewater surcharges | 634,476 | - | 634,476 | - |
| Intergovernmental revenue | - | - | - | 14,050,606 |
| Miscellaneous | 308,009 | 2,410,875 | 2,718,884 | 2,483 |
| Total operating revenue | <u>54,761,115</u> | <u>21,375,421</u> | <u>76,136,536</u> | <u>18,264,863</u> |
| OPERATING EXPENSE | | | | |
| Salaries and personal benefits | 5,944,242 | 3,704,955 | 9,649,197 | 1,169,355 |
| Supplies and miscellaneous purchases | 745,266 | 2,141,363 | 2,886,629 | 2,915,008 |
| Purchased services | 4,957,262 | 6,957,573 | 11,914,835 | 902,983 |
| Insurance costs | - | - | - | 14,418,717 |
| Water purchases | 10,919,425 | - | 10,919,425 | - |
| Wastewater treatment | 10,894,876 | - | 10,894,876 | - |
| Miscellaneous | 582,420 | 656,953 | 1,239,373 | 138,990 |
| Depreciation | 10,790,347 | 2,035,808 | 12,826,155 | 37,414 |
| Franchise fees | 2,092,534 | 506,746 | 2,599,280 | - |
| General and administrative costs | 3,015,227 | 451,535 | 3,466,762 | - |
| Total operating expense | <u>49,941,599</u> | <u>16,454,933</u> | <u>66,396,532</u> | <u>19,582,467</u> |
| Net operating income | <u>4,819,516</u> | <u>4,920,488</u> | <u>9,740,004</u> | <u>(1,317,604)</u> |
| NONOPERATING REVENUE | | | | |
| (EXPENSE) | | | | |
| Investment income | 6,343 | - | 6,343 | - |
| Gain (loss) on property disposition | - | (339,861) | (339,861) | 1,586 |
| Interest expense | (2,591,812) | (379,341) | (2,971,153) | - |
| Total nonoperating revenue (expense) | <u>(2,585,469)</u> | <u>(719,202)</u> | <u>(3,304,671)</u> | <u>1,586</u> |
| Income before contributions and transfers | 2,234,047 | 4,201,286 | 6,435,333 | (1,316,018) |
| Capital contributions-Impact fees | 1,017,779 | - | 1,017,779 | - |
| Capital contributions | 774,598 | - | 774,598 | - |
| Transfers in | 11,933,437 | 3,722,824 | 15,656,261 | - |
| Transfers out | (14,056,684) | (7,225,428) | (21,282,112) | (31,165) |
| Change in net assets | 1,903,177 | 698,682 | 2,601,859 | (1,347,183) |
| Net assets - beginning of the year | 171,258,661 | 33,765,298 | 205,023,959 | 13,693,525 |
| Change in accounting principle | 562 | 337,664 | 338,226 | 75,352 |
| Restated Fund balance -beginning of the year | 171,259,223 | 34,102,962 | 205,362,185 | 13,768,877 |
| Net assets - end of the year | <u>\$ 173,162,400</u> | <u>\$ 34,801,644</u> | <u>\$ 207,964,044</u> | <u>\$ 12,421,694</u> |
| Reconciliation to government-wide Statement of Activities: | | | | |
| Change in net assets of enterprise funds | | | 2,601,859 | |
| Adjustments to reflect the consolidations of internal service funds activities related to enterprise funds | | | (239,013) | |
| Change in net assets of business-type activities | | | <u>\$ 2,362,846</u> | |

See accompanying notes to basic financial statements.



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**CITY OF GRAND PRAIRIE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Business-Type Activities-Enterprise Funds | | | Governmental Activities |
|---|--|---------------------------|----------------------|---------------------------------------|
| | Water Wastewater | Other Nonmajor | Total | Internal Service Funds |
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 54,227,225 | \$ 20,855,083 | \$ 75,082,308 | \$ 18,246,480 |
| Cash received from Intergovernmental | - | 56,991 | 56,991 | (135,415) |
| Cash payments to suppliers for goods and services | (28,232,370) | (9,182,001) | (37,414,371) | (18,221,235) |
| Cash payments to employees for services | (5,939,742) | (3,699,749) | (9,639,491) | (1,170,569) |
| Cash payments to other funds for services | (5,107,761) | (674,059) | (5,781,820) | - |
| Other operating cash (payments) | (274,411) | (397,065) | (671,476) | - |
| Net cash provided by operating activities | <u>14,672,941</u> | <u>6,959,200</u> | <u>21,632,141</u> | <u>(1,280,739)</u> |
| Cash flows from noncapital financing activities: | | | | |
| Transfers from other funds | 11,933,437 | 3,722,824 | 15,656,261 | - |
| Transfers to other funds | (14,056,684) | (7,225,427) | (21,282,111) | (31,165) |
| Net cash provided by (used in) non-capital financing activities | <u>(2,123,247)</u> | <u>(3,502,603)</u> | <u>(5,625,850)</u> | <u>(31,165)</u> |
| Cash flows from capital and related financing activities: | | | | |
| Capital outlays | (10,797,626) | (895,553) | (11,693,179) | (35,416) |
| Proceeds from capital assets disposals | - | 837 | 837 | 1,587 |
| Interest paid on bonds and line of credit | (2,650,306) | (382,916) | (3,033,222) | - |
| Repayment of principal on bonds | (13,498,217) | (425,669) | (13,923,886) | - |
| Impact fees received | 1,017,779 | - | 1,017,779 | - |
| Proceeds from issuance of bonds | 8,940,000 | - | 8,940,000 | - |
| Contribution | 614,461 | - | 614,461 | - |
| Net cash (used in) capital and related and related financing activities | <u>(16,373,909)</u> | <u>(1,703,301)</u> | <u>(18,077,210)</u> | <u>(33,829)</u> |
| Cash flows from investing activities: | | | | |
| Investment earnings received on cash and investments | 6,343 | - | 6,343 | - |
| Sale of investments | 64,460,350 | 18,196,284 | 82,656,634 | 13,396,994 |
| (Purchase) of investments | (55,574,174) | (22,111,670) | (77,685,844) | (8,969,267) |
| Net cash provided by (used in) investing activities | <u>8,892,519</u> | <u>(3,915,386)</u> | <u>4,977,133</u> | <u>4,427,727</u> |
| Net increase (decrease) in cash and equivalents | 5,068,304 | (2,162,090) | 2,906,214 | 3,081,994 |
| Cash and cash equivalents - beginning of year | 16,188,559 | 6,049,968 | 22,238,527 | 5,369,607 |
| Cash and cash equivalents - end of year | <u>\$ 21,256,863</u> | <u>\$ 3,887,878</u> | <u>\$ 25,144,741</u> | <u>\$ 8,451,601</u> |
| Reconciliation of income (loss) from operations to net cash provided (used) by operating activities: | | | | |
| Net operating income (loss) | \$ 4,819,516 | \$ 4,920,488 | \$ 9,740,004 | \$ (1,317,604) |
| Adjustments to net operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation and amortization | 10,790,347 | 2,035,808 | 12,826,155 | 37,413 |
| Changes in assets and liabilities: | | | | |
| (Increase) in other accounts receivable | (396,603) | (372,089) | (768,692) | (18,383) |
| (Increase) in inventories and supplies | (102,865) | (7,885) | (110,750) | (81,854) |
| (Increase) in prepaids | 10,392 | - | 10,392 | - |
| Increase (Decrease) in accounts payable | (398,324) | 173,931 | (224,393) | 100,901 |
| Increase (Decrease) in accrued liabilities | (224,745) | 211,694 | (13,051) | - |
| Increase in customer deposits | 170,723 | 2,990 | 173,713 | - |
| (Decrease) in deferred revenue | - | (10,942) | (10,942) | - |
| Increase (Decrease) in accrued compensated absences | 4,500 | 5,205 | 9,705 | (1,212) |
| Net cash provided (used) by operating activities | <u>\$ 14,672,941</u> | <u>\$ 6,959,200</u> | <u>\$ 21,632,141</u> | <u>\$ (1,280,739)</u> |
| Noncash investing, capital and financing activities: | | | | |
| Contributions of capital assets from developers | <u>\$ 160,137</u> | | | |



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NOTES TO BASIC FINANCIAL STATEMENTS



CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

INDEX

| | Page |
|---|-------------|
| 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES | 29 |
| a. Introduction | 29 |
| b. Financial Reporting Entity | 29 |
| 1. Blended Component Unit | 30 |
| 2. Discretely Presented Component Units | 30 |
| 3. Related Autonomous Entities | 31 |
| c. Government-Wide Financial Statements and Fund Financial Statements | 32 |
| d. Measurement Focus and Basis of Accounting | 33 |
| 1. Governmental Funds | 33 |
| 2. Proprietary Funds | 35 |
| e. Assets, Liabilities, Fund Balance/Net Assets and Other | 36 |
| 1. Pooled Cash, Investments and Temporary Deposits | 36 |
| 2. Inventories | 36 |
| 3. Capital Assets and Depreciation | 36 |
| 4. Encumbrances | 36 |
| 5. Compensated Absences | 37 |
| 6. Risk Management | 37 |
| 7. Post Employment Benefits Other than Pension Benefits | 39 |
| 8. Environmental Obligations | 43 |
| 9. Depository Contract | 44 |
| 10. Deferred Revenue | 44 |
| 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY | 44 |
| a. Budget Law and Practice | 44 |
| b. Budgetary Control | 46 |
| c. Budget Amendments | 46 |
| d. Deficit Fund Equity | 46 |
| 3. DETAILED NOTES ON ALL FUNDS | 46 |
| a. Assets | 46 |
| 1. Deposits, Investments and Investment Policies | 46 |
| 2. Capital Assets | 51 |
| b. Liabilities | 52 |
| 1. Retirement Plan | 52 |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

| | Page |
|--|-------------|
| 2. Long-Term Debt | 56 |
| a. Governmental Activities Long-Term Debt | 57 |
| i. General Obligation Debt | 57 |
| ii. Bond Refunding | 57 |
| b. Business Type Activities Long-Term Debt | 62 |
| i. Water and Wastewater System Debt | 64 |
| ii. Municipal Golf Course Long-Term Debt | 68 |
| iii. Municipal Airport Long-Term Debt | 70 |
| c. Grand Prairie Housing Finance Corporation Long-Term Debt | 71 |
| 3. Closure and Post Closure Liability | 72 |
| c. Fund Equity, Net Assets, and Fund Balance | 73 |
| 1. Fund Equity | 73 |
| 2. Net Assets: Invested in capital assets, net of related debt | 73 |
| 3. Net Assets: Restricted | 73 |
| 4. Net Assets: Unrestricted | 73 |
| 5. Fund Balance Disclosure | 73 |
| d. Interfund Transactions | 76 |
| 1. Interfund Transfers | 76 |
| 2. Cost Reimbursements | 77 |
| 3. Franchise Fees | 77 |
| 4. Payments in Lieu of Property Taxes | 78 |
| e. Leases | 78 |
| 4. CONTRACTS, COMMITMENTS, AND CONTINGENT LIABILITIES | 80 |
| a. Federal Grants | 80 |
| b. Litigation | 80 |
| c. Water Intake Facility Contract | 80 |
| d. Water Purchase Contracts | 80 |
| e. Wastewater Treatment Contract | 81 |
| f. Master and Other Agreements | 81 |
| g. Construction Commitments | 82 |
| 5. SEGMENT INFORMATION FOR ENTERPRISE FUNDS | 83 |
| 6. SUBSEQUENT EVENTS | 84 |
| 7. CHANGE IN ACCOUNTING PRINCIPLE | 84 |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

b. Financial Reporting Entity

The City’s basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City’s reporting entity, as set forth in Section 2100 of GASB’s Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization’s board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

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

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

safety, streets and transportation, water and wastewater, solid waste collection and disposal, environmental health, leisure services and general aviation airport.

- 1) 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, provides services almost entirely to the primary government, and almost exclusively benefits the primary government.

Component Unit – Grand Prairie Crime Control and Prevention District

The Grand Prairie Crime Control and Prevention District (“District”) is used to account for the accumulation and use of quarter-cent sales tax proceeds dedicated to fund a new Public Safety Facility. The District is reported as a special revenue fund of the primary government. The Board of Directors of the District is substantively the same as the City Council. There are seven directors on this board, and, all of them are council members constituting a voting majority of the City Council. Upon dissolution of the District, the entity’s assets will be distributed to the City. This unit provides all its services to the City. Financial information for this unit may be obtained from the City.

- 2) 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.

Component Unit – Sports Corporation

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

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

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, 2011 financial statements for the Sports Corporation may be obtained at its administrative office.

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. The financial information for HFC is included in the statements for its fiscal year ended December 31, 2010. Complete separate December 31, 2010 financial statements for HFC year-end 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.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 the 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 activities and business-type activities has been eliminated in these statements except that business-type activities include charges for administrative overhead services provided by the governmental activities.

Governmental activities are supported in part by property taxes, sales taxes, franchise fees, and grant revenues from the federal government and the State of Texas. Governmental activities are reported separately from *business-type activities*, which rely to a large extent on fees and charges for support. Significant revenues generated from business-type activities include: charges to customers for water and wastewater services, golf course fees, airport user charges, wastewater tap fees and reconnection fees.

The statement of activities reports the change in the City's net assets from October 1, 2010 to September 30, 2011. 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 is 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 or any fund that management considers as major. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

financial statements. The major funds at September 30, 2011, are as follows: general fund, street improvement fund, section 8 fund, a debt service fund, and water/wastewater 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.

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 fund includes 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 of the wastewater treatment is provided by the TRA. The contracts with DWU and TRA are discussed elsewhere in the Notes.

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.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 using the modified accrual basis. 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, Baseball Stadium, Summit Venue, and Park Venue Fund pursuant to City ordinances. The Crime Control and Prevention District 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 (amounts received within 60 days of year-end).
- 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.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 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 | 20-40 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, 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. Encumbered amounts for specific purposes which have not been previously classified as restricted, committed, or assigned are classified as assigned fund balance. On October 1, each year encumbrances are carried forward, along with the prior year’s related appropriation, and added to the new year’s budget.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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. Employees may not use vacation leave before it is earned. Payment for unused vacation will be made at the termination of employment, retirement or death of employees. Fire and police civil service employees who have completed their introductory period are paid up to 90 days sick leave upon separation of employment, excluding indefinite suspensions. The valuation of the civil service sick leave is at current pay rates. The valuation of accrued compensated absences includes salary-related payments such as the City's share of taxes and contributions to the retirement plan in accordance with GASB 16. 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 currently administers a deductible program for Workers Compensation, all Liability, Property, Airport, and Crime claims through the Texas Municipal League Intergovernmental Risk Pool (TMLIRP), a public entity risk pool. The TMLIRP sustains itself through member premiums and stop loss coverage for excess claims through commercial insurers. The City issued a Request for Proposal in June 2009 for 2010-2011 coverage for all lines of coverage in the Risk program, including Workers Compensation, Liability, Property, Crime, Airport and Animal Mortality coverage. Based on proposal results, the City selected to renew with the TMLIRP.

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

The renewal included changes to Workers Compensation deductibles from \$200,000 to \$350,000 and removal of the aggregate retention. All liability deductibles (General, Law Enforcement, Public Officials, and Auto Liability) increased from \$50,000 to \$300,000 with no changes to the per occurrence or aggregate limits. The Mobile Equipment Deductible increased from \$1,000 to \$10,000.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

Liabilities of the Risk Management Fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, timing of filed claims, adjudication of claim benefits, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated annually to consider the effects of inflation, plan benefit designs, recent claim settlement trends, claim expense, and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The total accrued liabilities for the Risk Management Fund based on the recent December 2010 actuarial report, as of September 30, 2011, was \$2,381,003.

The City offers group health coverage to its employees and retirees in plans administered by United Health Care using an escrow account funded by the City with both employee and City contributions. The City allows retired employees under age 65 to continue participating in its group health insurance program after retirement with a portion of premiums paid by the City. The amount of premiums paid by retirees is based on the retirement date, length of service with the City, plan selected and dependents covered at the time of retirement. The City retains risk for up to \$225,000 per member per year, and transfers risk in excess of this amount to a reinsurer. Reported claims are charged to expense in the period the loss is incurred. The total accrued liabilities for health insurance as of September 30, 2011 were \$991,162.

Below is the change in estimates of accrual liabilities for health coverage for the risk management fund:

| | Beginning of Fiscal Year <u>Liability</u> | Claims and Change in <u>Estimates</u> | Claim <u>Payments</u> | End of Fiscal Year <u>Liability</u> |
|------|---|---|--------------------------|---|
| 2011 | \$3,307,678 | \$12,013,558 | \$11,949,071 | \$3,372,165 |
| 2010 | 3,826,928 | 10,109,522 | 10,628,772 | 3,307,678 |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

7) Post Employment Benefits Other than Pension Benefits

Current employees who retire from the City of Grand Prairie under a TMRS Retirement / Plan option may elect to remain on the City's medical, dental, and vision insurance plans as long as they meet the following criteria:

- Under age of 65
- Currently working for the City immediately prior to retirement, and
- Payment of required premiums monthly by due date, or within grace period

TMRS Retirement / Plan option may include:

- Service retirement, 25 yrs of TMRS creditable service at any age, or
- Age 60 and 5 years of TMRS creditable service
- Disability/Medical retirement at any age, if approved by TMRS

Eligibility requirements do not vary by type of retirement. The retiree health care plan is a single-employer defined benefit plan. No trust is setup for the plan; therefore there is no separate audit report available.

Benefits

Retirees pay a portion of their retiree health care premium based on their years of service with the City of Grand Prairie. The cost of their benefit is based on their years of service with the City of Grand Prairie, the plan selected, and dependent coverage when they retire. The base retiree health care premium is based on the accrual rate, claims costs, and budget for the prior fiscal year.

Medical coverage for retiree benefits extends only to age 65. Once a retiree reaches age 65, they will be dropped from medical coverage at the beginning of the month in which they turn 65. If a retiree cancels any or all insurance at any time during retirement, they forfeit all rights to coverage through the City for that benefit. If they cancel medical coverage all together, they may not elect medical again in the future for any reason.

Spouse Coverage

Retired before 1/1/2011: A spouse who is on the employee's plan at the time of retirement may continue on the plan until the spouse reaches age 65. Spouse coverage continues after the employee reaches the age 65 and after the death of the employee until the spouse reaches the age of 65, as well. Spouse coverage continues even though the employee becomes Medicare eligible.

**CITY OF GRAND PRAIRIE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2011**

Rates for spouse coverage are dependent upon the employee’s years of service with the City of Grand Prairie. Spouses receive the same benefits as the employee. Surviving spouses of deceased active members are not eligible for retiree health care benefits.

Employees retiring from TMRS effective 12/31/2010 (for a 1/1/11 effective date) or later, and who wish to cover dependents during retirement, must have the dependents covered on their City plan for two full years prior to retirement. (For instance, to cover a spouse effective 1/1/11 for retirement, the spouse must have been covered under your employee plan continuously since 1/1/09).

Child / Dependent Coverage

New dependents gained during retirement (due to marriage or birth) may not be added to the City’s plan since they were not eligible at the time of retirement.

Opt-outs / Payment-in-lieu / Reimbursements

Retirees that do not continue coverage through our retiree health care plans do not receive payment in lieu of retiree health care.

Types of Coverage Offered

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

Employee / Retiree 2011 Monthly Health Care Premiums (Employee Pays Portion)

| <u>Group</u> | Monthly Health Care Premium | |
|------------------------------|--|-------------------|
| | PRIOR TO | AFTER |
| | 12/1/2005 | 11/30/2005 |
| Gold (Under Age 65) | | |
| Employee Only | \$531 | \$577 |
| Employee plus Spouse | \$1,082 | \$1,175 |
| Employee plus Child(ren) | \$850 | \$921 |
| Family | \$1,558 | \$1,686 |
| Silver (Under Age 65) | | |
| Employee Only | \$455 | \$501 |
| Employee plus Spouse | \$908 | \$1,001 |
| Employee plus Child(ren) | \$714 | \$785 |
| Family | \$1,299 | \$1,427 |
| Bronze (Under Age 65) | | |
| Employee Only | \$417 | \$463 |
| Employee plus Spouse | \$838 | \$931 |
| Employee plus Child(ren) | \$636 | \$707 |
| Family | \$1,156 | \$1,284 |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Continued -

| <u>Group</u> | <u>Monthly Health Care Premium</u> |
|---|--|
| Over 65 Retiree (Grandfathered by Age) | |
| Employee (10-14 years of service) | \$116 |
| Employee (15-19 years of service) | \$119 |
| Employee (20-24 years of service) | \$99 |
| Employee (25-29 years of service) | \$58 |
| Employee (30+ years of service) | \$37 |
| Employee plus spouse (10-14 years of service) | \$264 |
| Employee plus spouse (15-19 years of service) | \$226 |
| Employee plus spouse (20-24 years of service) | N/A |
| Employee plus spouse (25-29 years of service) | \$123 |
| Employee plus spouse (30+ years of service) | \$88 |

The Under Age 65 monthly premiums shown above are rates based on 0-5 years of credited service. Employee /retiree premiums will reduce as years of service increase.

Funding Policy and Annual OPEB Cost

The City's annual other post employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The City had its first OPEB actuarial valuation performed for the fiscal year beginning October 1, 2007 as required by GASB. The City's annual OPEB cost for the current year is as follows:

| | |
|---|----------------------------|
| Annual required contribution | \$ 2,114,805 |
| Interest on OPEB obligation | 81,662 |
| Adjustment to ARC | (74,018) |
| Annual OPEB cost (expense) end of year | <u>2,122,449</u> |
| Net estimated employer contributions | <u>1,113,112</u> |
| Increase in net OPEB obligation | 1,009,337 |
| Net OPEB obligation as of beginning of the year | <u>1,814,707</u> |
| Net OPEB obligation (asset) as of end of the year | <u><u>\$ 2,824,044</u></u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Funding status and funding progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45, as of September 30, 2011 is as follows:

| Actuarial Valuation Date as of September 30, 2011 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) |
|--|-------------------------------------|--|---------------------------------|-----------------------|
| | | \$ 28,244,542 | \$ 28,244,542 | 0% |

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$28,244,542 at September 30, 2011.

Actuarial methods and assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums, and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members, as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City's employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

| | |
|----------------------------|--|
| Inflation rate | 3.0% per annum |
| Investment rate of return | 4.5%, net of expenses |
| Actuarial cost method | Projected Unit Credit Cost Method |
| Amortization method | Level as a percentage of employee payroll |
| Amortization period | 30-year open amortization |
| Salary Growth | 3.0% per annum |
| Healthcare cost trend rate | Initial rate of 9.0% declining to an ultimate rate of 4.5% after 9 years |

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

| Fiscal Year Ended | Employer Annual Required Contribution | Employer Amount Contributed | Interest on NOO (9) x 4.5% | ARC Adjustment (9) / (6) | Amortization Factor | OPEB cost (2)+(4)-(5) | Change in NOO (7) - (3) | NOO Balance NOO + (8) |
|-------------------|---------------------------------------|-----------------------------|----------------------------|--------------------------|---------------------|-----------------------|-------------------------|-----------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
| 09/30/08 | \$ 1,477,994 | \$ 990,121 | \$ - | \$ - | 23.9854 | \$ 1,477,994 | \$ 487,873 | \$ 487,873 |
| 09/30/09 | \$ 1,522,334 | \$ 1,467,368 | \$ 21,954 | \$ 20,340 | 23.9854 | \$ 1,523,948 | \$ 56,580 | \$ 544,453 |
| 09/30/10 | \$ 2,128,596 | \$ 860,144 | \$ 24,500 | \$ 22,699 | 23.9854 | \$ 2,130,397 | \$ 1,270,253 | \$ 1,814,706 |
| 09/30/11 | \$ 2,114,805 | \$ 1,113,112 | \$ 81,662 | \$ 74,018 | 24.5200 | \$ 2,122,449 | \$ 1,009,337 | \$ 2,824,044 |

8) Environmental Remediation Obligations

The City has recorded a liability and an asset related to environmental remediation in the amount of \$47,830, on the Statement of Net Assets and on the Statement of Activities. The estimates of the liabilities are prepared by the Environmental Professional Group and by the City's Environmental Quality Manager and based on a range of expected outlays, net of expected cost recoveries, if any, for the type and amount of pollution contamination detected. The estimates are reviewed and adjusted periodically for price changes, additional contamination and any other changes detected.

- The City of Grand Prairie owns land and was responsible for the asbestos abatement at 121 and 125 East Main Street. The land was acquired for a future parking lot for the Uptown Theater. In FY2011 the City received a Certificate of completion of the Voluntary Cleanup program from Texas Commission on Environmental Quality (TCEQ).
- The City of Grand Prairie owns land and was responsible for the asbestos abatement at 100 West Church Street. The asbestos abatement completed in FY2010. The City is currently finalizing leak petroleum storage tank closure. The land was acquired for a future county sub-courthouse.
- The City of Grand Prairie owns land and was responsible for the asbestos abatement at 801 Conover Street. The demolition of the old Police building was completed in FY2011.
- The City of Grand Prairie owns the building and is responsible for the asbestos abatement at 317 College Street. The Council Chambers renovation process is to be completed in FY2012.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Environmental remediation liability activity in fiscal year 2011 was as follows:

| Property Description | Beginning Balance 10/1/2010 | Additions | Reductions | Ending Balance 9/30/2011 | Current Portion |
|----------------------------------|-----------------------------------|-------------------|-------------------|--------------------------------|--------------------|
| 121 and 125 East Main St | \$ 5,000 | \$ - | \$ 5,000 | \$ - | \$ - |
| 100 Block West Church St | 14,848 | - | 5,018 | 9,830 | 9,830 |
| Police Station-801 Conover St | 192,215 | 160,005 | 352,220 | - | - |
| Council Chamber - 317 College St | - | 38,000 | - | 38,000 | 38,000 |
| Total | <u>\$ 212,063</u> | <u>\$ 198,005</u> | <u>\$ 362,238</u> | <u>\$ 47,830</u> | <u>\$ 47,830</u> |

9) Depository Contract

The City operates under a depository contract in accordance with State law.

10) Deferred Revenue

At fiscal year-end five 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 \$3,111,434 and \$499,117, respectively. Because the total amount of \$3,610,551 represents earned revenue, they are included as property tax revenue at the government-wide level. Also in the General Fund, pipeline lease deposits of \$374,144 are reported as deferred revenue until the agreement is fulfilled. In the Street Improvement Fund, \$986,014 is reported as deferred revenue in consideration of a future paving assessment. Because these two amounts represent unearned revenue, they are each presented at both the fund level and government-wide level. Deferred Revenue in Other Governmental Funds totals \$4,688,500; of this amount, \$119,617 is recorded in the Park Venue Fund for rental deposits on events to be held in a subsequent fiscal year; \$741,718 is recorded in the Cemetery on deposits held for customers who have scheduled pre-need arrangements, \$3,627,374 is recorded in the grant fund on advance funding received from federal and/or state agencies for fulfillment of grant projects that will be completed in a subsequent fiscal year, and \$199,791 is recorded in CDBG for revenues received from program specific housing projects that are scheduled to be completed in a subsequent fiscal year. And, because this total represents unearned revenue, these amounts are presented at both the fund level and government-wide level.

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.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, Crime Tax Sales Tax Fund, Park Venue Fund, Senior Center Sales Tax Fund, Hotel/Motel Tax Fund, Police Seizure Fund, Municipal Court Fund, and Cable Operation Fund. The expenditures budgeted in each fund may not exceed the budgeted revenues, including beginning fund balance.

The Section 8 budget is presented annually and is based on a combination of historical data and estimated appropriations from the Department of Housing and Urban Development (HUD) Section 8 program.

HUD provides each housing authority an annual baseline for the management of the voucher program (a statistical unit of measure). While this baseline is only a statistical unit of measure, economic factors can affect the financial component of each submitted voucher (unit).

Policy decisions at the federal level, increases in rental subsidies, and the expansion of the number of clients served due to unforeseen circumstances may require a higher voucher subsidy and can affect the financial component of each voucher. Accordingly, expenditures may exceed budget, but only to the extent that this increase will be offset by a like increase in revenues as received from HUD for the management and administration of the Section 8 voucher program. HUD monitors the financial activity and unit activity of the Section 8 program each month through required submissions via the Voucher Management System (VMS).

Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles. That is, revenues are budgeted in the year they are realized, and expenditures are budgeted in the year when goods or services are received. The amounts in Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual for the general fund are reported on a GAAP 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.

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

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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.

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 and Section 8 Funds.

d. Deficit Fund Equity

As of September 30, 2011, the City had no funds with deficit fund equity.

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

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, 2011.

The City's investments are stated at fair value, using the following methods and assumptions as of September 30, 2011:

- 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, and TexStar,
 - (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 the respective fund 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 \$104,270,743 in TexPool as of September 30, 2011. 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 uses amortized cost rather than fair 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 invested \$12,814,046 in TexSTAR as of September 30, 2011. J.P. Morgan Investment Management, Inc. (JPMIM) and First Southwest Asset Management, Inc. (FSAM) serve as co-administrators for TexSTAR under an agreement with the TexSTAR board. JPMIM provides investment management services, and FSAM provides participant services and marketing. Custodial, transfer agency, fund accounting and depository services are provided by JP Morgan Chase Bank, NA and

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

or its subsidiary J.P. Morgan Investor Services Co. Finally, TexSTAR is rated AAAM by Standard and Poor's.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in TexSTAR is the same as the value of TexSTAR shares.

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

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

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

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

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

The asset mix requirements are as follows:

| | <u>% Maximum</u> |
|---|------------------|
| 1. U.S. Treasury Bills and Notes | 100 |
| 2. U.S. Agency or Instrumentality Obligations (each type) | 25 (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 | 50 (b) |
| 8. Public Funds Investment Pool | 50 |

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

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

In addition, the City may invest in callable securities but shall limit the total amount to no more than 50% of the portfolio.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The City's carrying amount of cash, cash equivalents and investments as of September 30, 2011 as reflected in the primary government's financial statements, are:

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|---------------------------|-----------------------|-----------------------|-----------------------|
| Cash | \$ 3,362,522 | \$ 16,546 | \$ 3,379,068 |
| Pooled Investments | | | |
| Cash and cash equivalents | 34,353,267 | 82,731,522 | 117,084,789 |
| Investments | <u>66,018,674</u> | <u>59,911,795</u> | <u>125,930,469</u> |
| Total pooled investments | <u>100,371,941</u> | <u>142,643,317</u> | <u>243,015,258</u> |
| Total | <u>\$ 103,734,463</u> | <u>\$ 142,659,863</u> | <u>\$ 246,394,326</u> |

Deposits – State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. On November 9, 2010, the FDIC issued a Final Rule implementing Section 343 of the Dodd-Frank Wall Street Reform and Consumer protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Beginning December 31, 2010, through December 31, 2012, all noninterest-bearing transaction accounts are fully insured, regardless of the balance of the account at all FDIC-insured institutions. The unlimited insurance coverage is available to all depositors, including consumers, businesses, and government entities at all FDIC banks including the City's depository Wells Fargo Bank, N.A. All of the City of Grand Prairie deposits are covered by Section 343 of the Dodd Frank Act, making the City's requirement for collateral at the FDIC not necessary until December 31, 2012. Due to Wells Fargo Bank, N.A. contractual obligation to the City, the collateral value held at the Federal Reserve Bank in the City's name at year end was \$3,561,760.

The City's cash equivalents of \$117,084,789 were also covered by collateral held by the City's agent in the City's name.

As of September 30, 2011, the City had the following investments:

| | <u>Fair Value</u> | <u>Weighted Average Maturity (Days)</u> | <u>Credit Risk</u> |
|----------------------------------|-----------------------|---|--------------------|
| Federal Farm Credit Bank | \$ 56,073,777 | 748 | AAA |
| Federal Home Loan Bank | 50,221,087 | 711 | AAA |
| Federal Home Loan Mortgage Corp. | 11,634,985 | 443 | AAA |
| Federal National Mortgage Assoc. | 8,000,620 | 444 | AAA |
| TexPool | 104,270,743 | 1 | AAAm |
| TexStar | <u>12,814,046</u> | <u>1</u> | AAAm |
| Total | <u>\$ 243,015,258</u> | <u>*355</u> | |

*Portfolio Weighted Average Maturity

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

| | |
|--------------------|------------------------------|
| Cash equivalents | \$ 117,084,789 |
| Under 30 days | - |
| 30 days to 60 days | - |
| 61 days to 90 days | - |
| 91 days to 1 year | 18,689,148 |
| After 1 year | <u>107,241,321</u> |
| Total | <u><u>\$ 243,015,258</u></u> |

The City did not invest in any securities different from the categories mentioned above during the 2010-2011 fiscal year.

At September 30, 2011, the carrying amount of the Sports Corporation’s deposits included in cash and cash equivalents was \$116,370 while the bank balance of the Sports Corporation’s deposits was \$117,163. The bank balance was entirely covered by collateral held by the Sports Corporation’s agent in the Sports Corporation’s name.

As of September 30, 2011, the Corporation had the following investments:

| | <u>Fair Value</u> | <u>Weighted Average Maturity (Days)</u> | <u>Credit Risk</u> |
|-------------------------------|-----------------------------|---|--------------------|
| TexPool | \$ 9,525,541 | 1 | AAAm |
| U.S. Governmental Obligations | <u>5,011,492</u> | <u>943</u> | AAA |
| Total | <u><u>\$ 14,537,033</u></u> | <u><u>325</u></u> | |

Portfolio Weighted Average Maturity

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, 2011 was \$9,525,541 in the Public Funds Investment Pool (TexPool) and \$5,011,492 in U.S agency instrumentalities.

The bank balance of HFC at December 31, 2010, including restricted cash, totaled \$320,817 all of which was covered by FDIC insurance and collateral held by the depository institution in HFC’s name. HFC’s unrestricted cash and cash equivalents had a balance of \$279,256. Restricted cash of \$41,561 “tenant security deposits” represents cash held on deposit by HFC for insurance proceeds received for damages to federally funded assets. The liability is recorded until final disposition of the proceeds is requested by HUD. Other assets include temporary investments of \$175,877, reserves of \$110,555, and bonds held by a trustee of \$987,276 as a debt service reserve.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

2) Capital Assets

Capital assets balances and transactions for the year ended September 30, 2011 are summarized below for governmental activities:

| | Balance October 1, 2010 | Additions/ Completions | Disposals/ Reclasses | Balance September 30, 2011 |
|---|-------------------------------|---------------------------|-------------------------|----------------------------------|
| Non-depreciable capital assets: | | | | |
| Land | \$ 32,289,616 | \$ 2,052,515 | \$ (79,560) | \$ 34,262,571 |
| Construction in progress | 123,933,812 | 9,653,629 | (96,227,886) | 37,359,555 |
| Total non-depreciable capital assets | <u>156,223,428</u> | <u>11,706,144</u> | <u>(96,307,446)</u> | <u>71,622,126</u> |
| Depreciable capital assets: | | | | |
| Buildings | 178,854,815 | 1,861,761 | (3,327,783) | 177,388,793 |
| Equipment | 70,955,698 | 11,506,170 | (1,450,576) | 81,011,292 |
| Infrastructure | 414,883,959 | 76,524,589 | (71,867) | 491,336,681 |
| Total depreciable capital assets | <u>664,694,472</u> | <u>89,892,520</u> | <u>(4,850,226)</u> | <u>749,736,766</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (32,466,426) | (5,675,292) | 2,345,022 | (35,796,696) |
| Equipment | (37,093,504) | (5,427,696) | 1,109,060 | (41,412,140) |
| Infrastructure | (166,851,997) | (25,022,950) | 16,770 | (191,858,177) |
| Total accumulated depreciation | <u>(236,411,927)</u> | <u>(36,125,938)</u> | <u>3,470,852</u> | <u>(269,067,013)</u> |
| Total depreciable capital assets, net | <u>428,282,545</u> | <u>53,766,582</u> | <u>(1,379,374)</u> | <u>480,669,753</u> |
| Governmental activities capital assets, net | <u>\$ 584,505,973</u> | <u>\$ 65,472,726</u> | <u>\$ (97,686,820)</u> | <u>\$ 552,291,879</u> |

Note: Additions include developers contribution (\$82,728).

Capital asset balances for business-type activities for the year ended September 30, 2011 are summarized below:

| | Balance October 1, 2010 | Additions/ Completions | Disposals/ Reclasses | Balance September 30, 2011 |
|---|-------------------------------|---------------------------|-------------------------|----------------------------------|
| Non-depreciable capital assets | | | | |
| Land | \$ 3,903,835 | \$ 209,549 | - | \$ 4,113,384 |
| Construction in progress | 40,849,790 | 10,711,873 | (42,754,653) | 8,807,010 |
| Total non-depreciable capital assets | <u>44,753,625</u> | <u>10,921,422</u> | <u>(42,754,653)</u> | <u>12,920,394</u> |
| Depreciable capital assets | | | | |
| Buildings | 9,527,911 | 1,459,635 | - | 10,987,546 |
| Equipment | 24,502,857 | 1,040,116 | (934,634) | 24,608,339 |
| Infrastructure | 268,278,395 | 41,214,603 | - | 309,492,998 |
| Total depreciable capital assets | <u>302,309,163</u> | <u>43,714,354</u> | <u>(934,634)</u> | <u>345,088,883</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (4,758,662) | (349,805) | - | (5,108,467) |
| Equipment | (12,395,700) | (1,538,038) | 566,128 | (13,367,610) |
| Infrastructure | (121,054,559) | (10,938,312) | - | (131,992,871) |
| Total accumulated depreciation | <u>(138,208,921)</u> | <u>(12,826,155)</u> | <u>566,128</u> | <u>(150,468,948)</u> |
| Total depreciable capital assets, net | <u>164,100,242</u> | <u>30,888,199</u> | <u>(368,506)</u> | <u>194,619,935</u> |
| Business-type activities' capital assets, net | <u>\$ 208,853,867</u> | <u>\$ 41,809,621</u> | <u>\$ (43,123,159)</u> | <u>\$ 207,540,329</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

| | | | |
|---------------------------------|----------------------|----------------------|----------------------|
| Support Services | \$ 3,528,930 | Water and Wastewater | \$ 10,790,347 |
| Public Safety Services | 15,754,669 | | |
| Recreation and Leisure Services | 4,661,255 | | |
| Development Services | 12,181,084 | Other Business-type | 2,035,808 |
| | <u>36,125,938</u> | | <u>12,826,155</u> |
| Total governmental | \$ <u>36,125,938</u> | Total business-type | \$ <u>12,826,155</u> |

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

| | Balance October 1, 2010 | Additions/ Completions | Disposals/ Reclasses | Balance September 30, 2011 |
|-------------------------------|-------------------------------|---------------------------|-------------------------|----------------------------------|
| Equipment | \$ 310,078 | \$ - | \$ - | \$ 310,078 |
| Less accumulated depreciation | (310,078) | - | - | (310,078) |
| Total | \$ - | \$ - | \$ - | \$ - |

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

| | Balance January 1, 2010 | Additions/ Completions | Disposals/ Reclasses | Balance December 31, 2010 |
|--|-------------------------------|---------------------------|-------------------------|---------------------------------|
| 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 | 20,475,995 | 251,367 | (745,322) | 19,982,040 |
| Less accumulated depreciation | (5,647,513) | (900,999) | 745,322 | (5,803,190) |
| Total depreciable capital assets, net | 14,828,482 | (649,632) | - | 14,178,850 |
| Housing Finance Corporation assets, net | \$ 16,441,333 | \$ (649,632) | \$ - | \$ 15,791,701 |

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 842 administered by TMRS, an agent multiple-employer public employee retirement

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

system. TMRS issues a publicly-available annual financial report that may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit (a theoretical amount) which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

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. For the December 31, 2010 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advanced funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. The projected unit credit 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

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

the rate and the calendar year when the rate goes into effect (i.e., December 31, 2010, valuation is effective for rates beginning January 2012).

| Actuarial Valuation Date | December 31, 2010 | December 31, 2010 | December 31, 2009 | December 31, 2008 |
|---|-------------------|------------------------|-------------------|-------------------|
| | Restructured | Prior to restructuring | | |
| Actuarial Value of Assets | \$ 299,459,271 | \$ 209,375,817 | \$ 195,807,917 | \$ 184,115,536 |
| Actuarial Accrued Liability | 365,426,666 | 300,201,838 | 283,654,428 | 270,661,623 |
| Percentage Funded | 81.9% | 69.7% | 69.0% | 68.0% |
| Unfunded (over-funded) Actuarial Accrued Liability (UAAL) | \$ 65,967,395 | \$ 90,826,021 | \$ 87,846,511 | \$ 86,546,087 |
| Annual Covered Payroll | 65,426,278 | 65,426,278 | 66,030,734 | 67,018,137 |
| UAAL as a percentage of Covered Payroll | 100.8% | 138.8% | 133.0% | 129.1% |
| Net Pension Obligation (NPO) at the Beginning of the period | \$ - | \$ - | \$ - | \$ - |
| Annual Pension Cost: | | | | |
| Annual Required Contribution (ARC) | \$ 10,466,084 | \$ 10,466,084 | \$ 9,792,823 | \$ 8,955,152 |
| Contribution Made | 10,466,084 | 10,466,084 | 9,792,823 | 8,955,152 |
| NPO at the End of the Period | \$ - | \$ - | \$ - | \$ - |

* To ensure the most accurate future rates are determined for the City, TMRS adopted new actuarial cost method and assumptions at their December 2007 meeting, to be effective for the December 31, 2010 valuation.

Actuarial Assumptions – The City also uses the following assumptions:

| Actuarial Valuation Date | December 31, 2010 | December 31, 2010 | December 31, 2009 | December 31, 2008 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Restructured | Prior to restructuring | | |
| Actuarial Cost Method | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit | Projected Unit Credit |
| Amortization Method | Level of Percent of Payroll |
| Remaining Amortization Period | 27.1 Years/Closed | 27.1 Years/Closed | 28 Years/Closed | 29 Years/Closed |
| Amortization Period for new Gains/Losses | 30 Years | 30 Years | 30 Years | 30 Years |
| Asset Valuation Method | 10-year Smoothed Market | 10-year Smoothed Market | 10-year Smoothed Market | Amortized Cost |
| Investment Rate of Return | 7.0% | 7.5% | 7.5% | 7.5% |
| Projected Salary Increases | Service | Service | Service | Service |
| Inflation | 3.0% | 3.0% | 3.0% | 3.0% |
| Cost-of-Living Adjustments | 2.1% (3.0% CPI) | 2.1% (3.0% CPI) | 2.1% (3.0% CPI) | 2.1% (3.0% CPI) |

Note: The TMRS Board of Trustees has adopted a 10-year smoothing method with a 25% corridor to determine the System’s actuarial value of assets (AVA). This “smoothing method” is intended to help reduce the volatility of the contribution rates from one year to the next.

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

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an “other post employment benefit,” or OPEB.

| Supplemental Death Benefits Fund | Plan Year 2010 | Plan Year 2011 |
|----------------------------------|----------------|----------------|
| Active employees | Yes | Yes |
| Retirees | Yes | Yes |

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Schedule of Contribution Rates:
RETIREE-only portion of the rate

| Plan/ Calendar Year | Annual Required Contribution (Rate) | Actual Contribution Made (Rate) | Percentage of ARC Contributed |
|---------------------------|---|---------------------------------------|-------------------------------------|
| 2008 | 0.03% | 0.03% | 1.00% |
| 2009 | 0.03% | 0.03% | 1.00% |
| 2010 | 0.03% | 0.03% | 1.00% |

The City of Grand Prairie is one of 842 municipalities having their benefit plan administered by TMRS. Each of the 842 municipalities has an annual actuarial valuation performed. All assumptions for the December 31, 2011 valuations are contained in the 2010 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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, 2010 | Borrowings or Increase | Payments or Decrease | Balance September 30, 2011 | Due Within One Year |
|--|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| Governmental Activities | | | | | |
| General obligation bonds | \$ 92,907,260 | \$ 11,550,000 | \$ (12,763,861) | \$ 91,693,399 | \$ 6,777,942 |
| Certificates of obligation bonds | 101,222,541 | 9,685,000 | (16,255,084) | 94,652,457 | 6,039,086 |
| Sales tax revenue bonds | 27,270,000 | - | (970,000) | 26,300,000 | 1,010,000 |
| Sales tax venue revenue bonds | 27,240,000 | - | (6,850,000) | 20,390,000 | 2,235,000 |
| Sales tax venue certificates of obligation | 52,670,000 | - | (6,445,000) | 46,225,000 | 2,330,000 |
| Issuance premiums/discounts, net | 330,754 | 253,855 | (48,014) | 536,595 | - |
| Deferred loss on refunding | (582,035) | (15,695) | 52,999 | (544,731) | - |
| Compensated absences | 12,828,553 | 5,219,761 | (4,894,158) | 13,154,156 | 4,841,191 |
| Other post employment benefits | 1,814,706 | 1,009,338 | - | 2,824,044 | - |
| Environmental remediation liability | 212,063 | 198,005 | (362,238) | 47,830 | 47,830 |
| Total governmental activities | <u>315,913,842</u> | <u>27,900,264</u> | <u>(48,535,356)</u> | <u>295,278,750</u> | <u>23,281,049</u> |
| Business-Type Activities | | | | | |
| General obligation bonds | 5,227,000 | - | (290,399) | 4,936,601 | 322,058 |
| Certificates of obligation bonds | 3,537,457 | - | (134,917) | 3,402,540 | 135,914 |
| Water and wastewater revenue bonds | 66,875,000 | 8,940,000 | (13,440,000) | 62,375,000 | 3,880,000 |
| Issuance premiums/discounts, net | 2,976 | 188,553 | (92,658) | 98,871 | - |
| Deferred loss on refunding | - | (167,338) | 12,872 | (154,466) | - |
| Closure and post closure liability | 5,071,131 | 246,862 | - | 5,317,993 | - |
| Compensated absences | 370,309 | 475,504 | (465,799) | 380,014 | 360,626 |
| Total business-type activities | <u>81,083,873</u> | <u>9,683,581</u> | <u>(14,410,901)</u> | <u>76,356,553</u> | <u>4,698,598</u> |
| Total primary government | <u>\$ 396,997,715</u> | <u>\$ 37,583,845</u> | <u>\$ (62,946,257)</u> | <u>\$ 371,635,303</u> | <u>\$ 27,979,647</u> |
| Component Unit Activities | | | | | |
| Housing Finance Corporation: | | | | | |
| Notes payable | \$ 3,390,175 | \$ 41,759 | \$ (4,686) | \$ 3,427,248 | \$ 45,483 |
| Line of Credit | 153,306 | 10,350 | - | 163,656 | 163,656 |
| Revenue bonds | 13,810,000 | - | (5,180,000) | 8,630,000 | 140,000 |
| Subordinate Revenue bonds | - | 4,550,000 | - | 4,550,000 | - |
| Total component units | <u>\$ 17,353,481</u> | <u>\$ 4,602,109</u> | <u>\$ (5,184,686)</u> | <u>\$ 16,770,904</u> | <u>\$ 349,139</u> |

The General Fund is typically used to liquidate the net other post employment benefit obligation.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

On November 16, 2010, the City renewed its \$7.5 million line of credit; \$5 million general obligation line of credit and \$2.5 million water and wastewater system line of credit with Bank of America, Texas for a three-year term. As of September 30, 2011, 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 refunding, sales tax revenue bonds, certificates of obligation bonds, a line of credit, and accrued compensated absence. The certificates of obligation bonds include bonds issued in 2010 for Tax Increment Financing Zones No. 2 project.

(i) General Obligation Debt

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

On February 23, 2011 the City issued \$14,930,000 in General Obligation Refunding & Improvement Bonds, Series 2011, of which \$695,000 was for fire and infrastructure improvements, and \$14,235,000 was for a current refunding of prior issues. The City also issued \$6,305,000 in Combination Tax and Revenue Certificates of Obligation, Series 2011 for fire and infrastructure improvements.

(ii) Bond Refunding

The refunding bonds mentioned above and an additional \$50,000 of cash on hand, were used to refund \$14,290,000 of prior issued debt. The proceeds of the refunding bonds provided resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability was removed from the City's financial records in fiscal year 2011. The reacquisition price exceeded the net carrying amount of the old debt by \$15,695. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. This advanced refunding was undertaken to reduce total debt service payments over the next eighteen years by approximately \$1,010,265 and to obtain an economic gain of \$725,857.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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 2002 | 4.5-5.0 | 2002 | 2022 | 6,550,000 | \$ 4,360,000 |
| Series 2002-A | 3.9-4.875 | 2002 | 2022 | 9,900,000 | 6,475,000 |
| Series 2004 | 2.0-4.50 | 2004 | 2024 | 4,855,000 | 3,525,000 |
| Series 2004-A | 2.0-4.75 | 2004 | 2024 | 6,170,000 | 3,900,000 |
| Series 2005 Refunding | 2.75-4.50 | 2005 | 2025 | 14,260,000 | 10,530,000 |
| Series 2005-A | 3.75-4.25 | 2005 | 2025 | 2,215,000 | 1,715,000 |
| Series 2006 | 3.9-5.0 | 2006 | 2026 | 3,300,000 | 2,750,000 |
| Series 2006-A | 4.125-4.375 | 2006 | 2027 | 4,000,000 | 3,470,000 |
| Series 2007 | 4.0-4.50 | 2007 | 2027 | 33,098,000 | 29,723,399 |
| Series 2008 | 4.0-5.50 | 2009 | 2029 | 8,985,000 | 8,420,000 |
| Series 2010 | 2.0-4.25 | 2010 | 2030 | 5,480,000 | 5,275,000 |
| Series 2011 | | 2011 | 2031 | 11,550,000 | 11,550,000 |
| Total general obligation bonds | | | | | <u>91,693,399</u> |
| Certificates of obligation bonds: | | | | | |
| Tax and revenue bonds: | | | | | |
| Series 2002-C | 3.85-4.75 | 2002 | 2022 | 2,650,000 | 1,230,000 |
| Series 2004 | 2.5-4.45 | 2004 | 2024 | 2,894,000 | 1,744,723 |
| Series 2004-B | 2.0-4.75 | 2004 | 2024 | 8,280,000 | 5,275,000 |
| Series 2005 | 2.75-4.50 | 2005 | 2025 | 2,935,000 | 1,905,000 |
| Series 2006 | 4.0-5.50 | 2006 | 2026 | 8,291,250 | 6,465,000 |
| Series 2006-A | 4.125-4.375 | 2006 | 2027 | 11,947,500 | 10,511,000 |
| Series 2007 | 4.0-4.50 | 2007 | 2027 | 6,610,000 | 5,655,000 |
| Series 2008A | 4.0-5.50 | 2009 | 2029 | 13,185,000 | 11,915,000 |
| Series 2010 | 2.0-4.25 | 2010 | 2030 | 590,000 | 570,000 |
| Series 2011 | | 2011 | 2031 | 6,305,000 | 6,305,000 |
| Total tax and revenue bonds | | | | | <u>51,575,723</u> |
| Tax and tax increment bonds | | | | | |
| Series 2001 | 3 month LIBOR +.31% | 2000 | 2022 | 17,900,000 | 13,035,000 |
| Series 2002B | 4.5-5.0 | 2001 | 2020 | 2,800,000 | 1,705,000 |
| Series 2004B | 2.0-4.75 | 2004 | 2024 | 1,170,000 | 740,000 |
| Series 2005A | 2.75-4.50 | 2005 | 2020 | 710,000 | 470,000 |
| Series 2006 | 4.0-5.50 | 2006 | 2020 | 1,575,000 | 1,170,000 |
| Series 2006-A | 4.125-4.375 | 2006 | 2020 | 2,498,470 | 1,859,000 |
| Series 2006-A | 4.125-4.375 | 2006 | 2020 | 1,468,000 | 1,110,000 |
| Series 2006-A | 4.125-4.375 | 2006 | 2020 | 1,546,030 | 1,160,000 |
| Series 2007 | 4.0-4.50 | 2007 | 2017 | 1,235,000 | 795,000 |
| Series 2008A | 4.0-5.50 | 2008 | 2021 | 10,550,000 | 9,150,000 |
| Series 2008A | 4.0-5.50 | 2008 | 2019 | 1,500,000 | 1,245,000 |
| Series 2010 | 2.0-4.25 | 2010 | 2020 | 1,355,000 | 1,235,000 |
| Series 2011 | | 2011 | 2020 | 655,000 | 655,000 |
| Series 2011 | | 2011 | 2020 | 2,725,000 | 2,725,000 |
| Total tax and tax increment bonds | | | | | <u>37,054,000</u> |
| Parks & recreation bonds | | | | | |
| Series 2004 | 2.5-4.45 | 2004 | 2024 | 484,000 | 352,734 |
| Series 2004B | 2.0-4.75 | 2004 | 2024 | 5,915,000 | 4,335,000 |
| Series 2008A | 4.0-5.50 | 2008 | 2029 | 1,425,000 | 1,335,000 |
| Total parks & recreation | | | | | <u>6,022,734</u> |
| Sales Tax Venue CO's | | | | | |
| Series 2007A Crime Control | 12 month LIBOR * 62.075 + .75 | 2007 | 2017 | 5,000,000 | 4,365,000 |
| Series 2008 Crime Control | 6 month LIBOR * 62.075+ 1.07 | 2008 | 2024 | 54,800,000 | 41,860,000 |
| Total sales tax venue bonds | | | | | <u>46,225,000</u> |
| Total certificate of obligation bonds | | | | | <u>140,877,457</u> |
| Sales tax revenue bonds: | | | | | |
| Series 2001 | 4.125-5.125 | 2001 | 2027 | 11,055,000 | 2,180,000 |
| Series 2001A | 4.125-5.0 | 2001 | 2027 | 8,500,000 | 510,000 |
| Series 2002 | 4.0-5.0 | 2002 | 2027 | 5,000,000 | 3,820,000 |
| Series 2005 | 3.5-4.25 | 2005 | 2026 | 6,705,000 | 6,400,000 |
| Series 2009 | 3.77 | 2009 | 2027 | 13,390,000 | 13,390,000 |
| Total sales tax revenue bonds | | | | | <u>26,300,000</u> |
| Sales Tax Venue Bonds | | | | | |
| Series 2007 Taxable Baseball | 12 month LIBOR +.61% | 2007 | 2019 | 16,850,000 | 8,800,000 |
| Series 2007 Senior Center | 12 month LIBOR * 62.075 + .75 | 2007 | 2019 | 3,000,000 | 2,715,000 |
| Series 2008 Senior Center | 6 month LIBOR * 62.075+ 1.28 | 2008 | 2024 | 16,850,000 | 8,875,000 |
| Total sales tax venue bonds | | | | | <u>20,390,000</u> |
| Premiums/discounts, net | N/A | N/A | N/A | N/A | 536,595 |
| Deferred loss on refunding | N/A | N/A | N/A | N/A | (544,731) |
| Compensated absences | N/A | N/A | N/A | N/A | 13,154,156 |
| Other Post Employment Benefit | N/A | N/A | N/A | N/A | 2,824,044 |
| Environmental remediation liability | N/A | N/A | N/A | N/A | 47,830 |
| Total governmental long-term debt | | | | | <u>\$ 295,278,750</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

| | Balance October 1, 2010 | Borrowings or Increase | Payments or Decrease | Balance September 30, 2011 | Due Within One Year |
|--|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| General obligation bonds: | | | | | |
| Series 1999 | \$ 379,260 | \$ - | \$ (379,260) | \$ - | \$ - |
| Series 2000 | 215,000 | - | (215,000) | - | - |
| Series 2001 | 730,000 | - | (730,000) | - | - |
| Series 2002 | 4,655,000 | - | (295,000) | 4,360,000 | 310,000 |
| Series 2002-A | 6,925,000 | - | (450,000) | 6,475,000 | 470,000 |
| Series 2003 | 6,635,000 | - | (6,635,000) | - | - |
| Series 2003-A | 365,000 | - | (365,000) | - | - |
| Series 2004 | 3,730,000 | - | (205,000) | 3,525,000 | 210,000 |
| Series 2004-A | 4,255,000 | - | (355,000) | 3,900,000 | 375,000 |
| Series 2005 Refunding | 11,280,000 | - | (750,000) | 10,530,000 | 1,170,000 |
| Series 2005-A | 1,805,000 | - | (90,000) | 1,715,000 | 95,000 |
| Series 2006 | 2,870,000 | - | (120,000) | 2,750,000 | 125,000 |
| Series 2006-A | 3,610,000 | - | (140,000) | 3,470,000 | 150,000 |
| Series 2007 | 31,263,000 | - | (1,539,601) | 29,723,399 | 1,782,942 |
| Series 2008 | 8,710,000 | - | (290,000) | 8,420,000 | 300,000 |
| Series 2010 | 5,480,000 | - | (205,000) | 5,275,000 | 210,000 |
| Series 2011 | - | 11,550,000 | - | 11,550,000 | 1,580,000 |
| Total general obligation bonds | 92,907,260 | 11,550,000 | (12,763,861) | 91,693,399 | 6,777,942 |
| Certificates of obligation bonds: | | | | | |
| Tax and revenue bonds: | | | | | |
| Series 2000 | 70,000 | - | (70,000) | - | - |
| Series 2000-A | 185,000 | - | (185,000) | - | - |
| Series 2001 | 790,000 | - | (790,000) | - | - |
| Series 2002-C | 1,315,000 | - | (85,000) | 1,230,000 | 90,000 |
| Series 2003-A | 3,965,000 | - | (3,965,000) | - | - |
| Series 2004 | 1,844,612 | - | (99,889) | 1,744,723 | 103,218 |
| Series 2004-B | 5,745,000 | - | (470,000) | 5,275,000 | 480,000 |
| Series 2005 | 2,005,000 | - | (100,000) | 1,905,000 | 105,000 |
| Series 2006 | 6,760,000 | - | (295,000) | 6,465,000 | 310,000 |
| Series 2006-A | 10,902,000 | - | (391,000) | 10,511,000 | 411,000 |
| Series 2007 | 5,655,000 | - | - | 5,655,000 | 255,000 |
| Series 2008A | 12,560,000 | - | (645,000) | 11,915,000 | 675,000 |
| Series 2010 | 590,000 | - | (20,000) | 570,000 | 20,000 |
| Series 2011 | - | 6,305,000 | - | 6,305,000 | 225,000 |
| | 52,386,612 | 6,305,000 | (7,115,889) | 51,575,723 | 2,674,218 |
| Tax and tax increment bonds: | | | | | |
| Series 2001 | 13,800,000 | - | (765,000) | 13,035,000 | 820,000 |
| Series 2002-B | 1,850,000 | - | (145,000) | 1,705,000 | 155,000 |
| Series 2003-B | 690,000 | - | (690,000) | - | - |
| Series 2003-C | 2,895,000 | - | (2,895,000) | - | - |
| Series 2004B | 805,000 | - | (65,000) | 740,000 | 70,000 |
| Series 2005-A | 515,000 | - | (45,000) | 470,000 | 45,000 |
| Series 2006 | 1,260,000 | - | (90,000) | 1,170,000 | 95,000 |
| Series 2006-A | 2,028,000 | - | (169,000) | 1,859,000 | 174,000 |
| Series 2006-A | 1,205,000 | - | (95,000) | 1,110,000 | 100,000 |
| Series 2006-A | 1,260,000 | - | (100,000) | 1,160,000 | 105,000 |
| Series 2007 | 315,000 | - | (315,000) | - | - |
| Series 2007 | 2,375,000 | - | (2,375,000) | - | - |
| Series 2007 | 910,000 | - | (115,000) | 795,000 | 120,000 |
| Series 2008A | 9,865,000 | - | (715,000) | 9,150,000 | 745,000 |
| Series 2008A | 1,375,000 | - | (130,000) | 1,245,000 | 135,000 |
| Series 2010 | 1,355,000 | - | (120,000) | 1,235,000 | 125,000 |
| Series 2011 | - | 655,000 | - | 655,000 | 70,000 |
| Series 2011 | - | 2,725,000 | - | 2,725,000 | 280,000 |
| | 42,503,000 | 3,380,000 | (8,829,000) | 37,054,000 | 3,039,000 |
| Parks & recreation bonds: | | | | | |
| Series 2004 | 372,929 | - | (20,195) | 352,734 | 20,868 |
| Series 2004B | 4,580,000 | - | (245,000) | 4,335,000 | 255,000 |
| Series 2008A | 1,380,000 | - | (45,000) | 1,335,000 | 50,000 |
| | 6,332,929 | - | (310,195) | 6,022,734 | 325,868 |
| Total certificate of obligation bonds | 101,222,541 | 9,685,000 | (16,255,084) | 94,652,457 | 6,039,086 |
| Sales tax revenue bonds: | | | | | |
| Series 2000-A | 155,000 | - | (155,000) | - | - |
| Series 2001 | 2,535,000 | - | (355,000) | 2,180,000 | 370,000 |
| Series 2001-A | 760,000 | - | (250,000) | 510,000 | - |
| Series 2002 | 3,975,000 | - | (155,000) | 3,820,000 | 165,000 |
| Series 2005 | 6,455,000 | - | (55,000) | 6,400,000 | 55,000 |
| Series 2009 | 13,390,000 | - | - | 13,390,000 | 420,000 |
| Total sales tax revenue bonds | 27,270,000 | - | (970,000) | 26,300,000 | 1,010,000 |
| Sales tax venue revenue bonds: | | | | | |
| Series 2007 | 12,355,000 | - | (3,555,000) | 8,800,000 | 1,570,000 |
| Series 2007 | 3,000,000 | - | (285,000) | 2,715,000 | 295,000 |
| Series 2007A certificate of obligation bonds | 5,000,000 | - | (635,000) | 4,365,000 | 660,000 |
| Series 2008 | 11,885,000 | - | (3,010,000) | 8,875,000 | 370,000 |
| Series 2008 certificate of obligation bonds | 47,670,000 | - | (5,810,000) | 41,860,000 | 1,670,000 |
| Total sales tax venue bonds | 79,910,000 | - | (13,295,000) | 66,615,000 | 4,565,000 |
| Premiums/discounts, net | 330,754 | 253,855 | (48,014) | 536,595 | - |
| Deferred loss on refunding | (582,035) | (15,695) | 52,999 | (544,731) | - |
| Compensated absences: | 12,828,553 | 5,219,761 | (4,894,158) | 13,154,156 | 4,841,191 |
| Other post employment benefits | 1,814,706 | 1,009,338 | - | 2,824,044 | - |
| Environmental remediation liability | 212,063 | 198,005 | (362,238) | 47,830 | 47,830 |
| Total | \$ 315,913,842 | \$ 27,900,264 | \$ (48,535,356) | \$ 295,278,750 | \$ 23,281,049 |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

| Fiscal Year | General Obligation Bonds | | | Certificates of Obligation Bonds | | | TIF Certificates of Obligation Bonds | | |
|-------------|--------------------------|----------------------|-----------------------|----------------------------------|----------------------|----------------------|--------------------------------------|----------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| 2012 | \$ 6,777,942 | \$ 3,687,126 | \$ 10,465,068 | \$ 2,674,218 | \$ 2,240,247 | \$ 4,914,465 | \$ 3,039,000 | \$ 2,854,694 | \$ 5,893,694 |
| 2013 | 6,927,175 | 3,440,451 | 10,367,626 | 2,590,877 | 2,137,612 | 4,728,489 | 3,169,000 | 2,644,623 | 5,813,623 |
| 2014 | 6,755,848 | 3,184,230 | 9,940,078 | 2,704,207 | 2,030,269 | 4,734,476 | 3,314,000 | 2,420,166 | 5,734,166 |
| 2015 | 6,948,800 | 2,917,992 | 9,866,792 | 2,592,537 | 1,923,598 | 4,516,135 | 3,479,000 | 2,179,828 | 5,658,828 |
| 2016 | 7,016,752 | 2,640,042 | 9,656,794 | 2,699,196 | 1,817,234 | 4,516,430 | 3,649,000 | 1,921,886 | 5,570,886 |
| 2017 | 7,273,743 | 2,351,769 | 9,625,512 | 2,697,526 | 1,706,028 | 4,403,554 | 3,839,000 | 1,644,815 | 5,483,815 |
| 2018 | 7,120,734 | 2,055,612 | 9,176,346 | 2,824,185 | 1,589,678 | 4,413,863 | 3,894,000 | 1,350,331 | 5,244,331 |
| 2019 | 7,107,405 | 1,763,244 | 8,870,649 | 2,962,515 | 1,464,939 | 4,427,454 | 4,104,000 | 1,036,986 | 5,140,986 |
| 2020 | 6,120,000 | 1,486,253 | 7,606,253 | 3,091,174 | 1,332,195 | 4,423,369 | 4,137,000 | 706,124 | 4,843,124 |
| 2021 | 5,575,000 | 1,229,454 | 6,804,454 | 3,509,833 | 1,186,121 | 4,695,954 | 2,795,000 | 391,394 | 3,186,394 |
| 2022 | 5,100,000 | 991,087 | 6,091,087 | 3,636,492 | 1,025,272 | 4,661,764 | 1,635,000 | 122,625 | 1,757,625 |
| 2023 | 4,030,000 | 786,594 | 4,816,594 | 3,428,152 | 863,208 | 4,291,360 | - | - | - |
| 2024 | 3,575,000 | 616,326 | 4,191,326 | 3,599,811 | 700,032 | 4,299,843 | - | - | - |
| 2025 | 3,070,000 | 465,031 | 3,535,031 | 3,115,000 | 542,274 | 3,657,274 | - | - | - |
| 2026 | 2,790,000 | 329,645 | 3,119,645 | 3,095,000 | 395,178 | 3,490,178 | - | - | - |
| 2027 | 2,650,000 | 202,568 | 2,852,568 | 2,650,000 | 258,223 | 2,908,223 | - | - | - |
| 2028 | 1,265,000 | 108,993 | 1,373,993 | 1,335,000 | 159,839 | 1,494,839 | - | - | - |
| 2029 | 1,110,000 | 49,463 | 1,159,463 | 1,405,000 | 87,620 | 1,492,620 | - | - | - |
| 2030 | 430,000 | 12,025 | 442,025 | 490,000 | 37,725 | 527,725 | - | - | - |
| 2031 | 50,000 | 1,325 | 51,325 | 475,000 | 12,588 | 487,588 | - | - | - |
| | <u>\$ 91,693,399</u> | <u>\$ 28,319,230</u> | <u>\$ 120,012,629</u> | <u>\$ 51,575,723</u> | <u>\$ 21,509,880</u> | <u>\$ 73,085,603</u> | <u>\$ 37,054,000</u> | <u>\$ 17,273,472</u> | <u>\$ 54,327,472</u> |

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

| | |
|---|----------------------|
| Certificates of Obligation Bonds | \$ 51,575,723 |
| Parks/Cemetery Certificates of Obligation Bonds | 6,022,734 |
| | <u>\$ 57,598,457</u> |

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

| | |
|---|----------------------|
| Certificates of Obligation Bonds | \$ 51,575,723 |
| Parks and Recreation Certificates of Obligation Bonds | 6,022,734 |
| | <u>\$ 57,598,457</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

| Parks Certificates of Obligation | | | Venue Sales Tax Revenue Bonds | | | Park Venue Sales Tax Revenue Bonds | | | Total | | |
|----------------------------------|---------------------|---------------------|-------------------------------|----------------------|----------------------|------------------------------------|---------------------|----------------------|-----------------------|----------------------|-----------------------|
| Principal | Interest | Total | Principal | Interest | Total | Principal (1) | Interest | Total | Principal | Interest | Total |
| \$ 325,868 | \$ 266,286 | \$ 592,154 | \$ 4,565,000 | \$ 1,374,096 | \$ 5,939,096 | \$ 1,010,000 | \$ 1,049,612 | \$ 2,059,612 | \$ 18,392,028 | \$ 11,472,061 | \$ 29,864,089 |
| 337,214 | 253,390 | 590,604 | 5,025,000 | 2,162,619 | 7,187,619 | 1,235,000 | 1,004,216 | 2,239,216 | 19,284,266 | 11,642,911 | 30,927,177 |
| 352,887 | 239,573 | 592,460 | 5,515,000 | 1,960,199 | 7,475,199 | 1,360,000 | 951,644 | 2,311,644 | 20,001,942 | 10,786,081 | 30,788,023 |
| 363,561 | 225,131 | 588,692 | 6,035,000 | 1,740,151 | 7,775,151 | 1,425,000 | 894,948 | 2,319,948 | 20,843,898 | 9,881,648 | 30,725,546 |
| 384,907 | 209,226 | 594,133 | 6,610,000 | 1,507,724 | 8,117,724 | 1,480,000 | 837,357 | 2,317,357 | 21,839,855 | 8,933,469 | 30,773,324 |
| 400,580 | 191,677 | 592,257 | 5,125,000 | 1,240,448 | 6,365,448 | 1,550,000 | 778,976 | 2,328,976 | 20,885,849 | 7,913,713 | 28,799,562 |
| 421,926 | 173,189 | 595,115 | 5,625,000 | 1,070,910 | 6,695,910 | 1,615,000 | 716,984 | 2,331,984 | 21,500,845 | 6,956,704 | 28,457,549 |
| 437,599 | 153,792 | 591,391 | 6,190,000 | 890,185 | 7,080,185 | 1,680,000 | 652,218 | 2,332,218 | 22,481,519 | 5,961,364 | 28,442,883 |
| 458,946 | 133,448 | 592,394 | 6,805,000 | 694,974 | 7,499,974 | 1,745,000 | 584,659 | 2,329,659 | 22,357,120 | 4,937,653 | 27,294,773 |
| 480,292 | 112,131 | 592,423 | 6,875,000 | 475,087 | 7,350,087 | 1,830,000 | 509,995 | 2,339,995 | 21,065,125 | 3,904,182 | 24,969,307 |
| 501,638 | 89,796 | 591,434 | 6,045,000 | 257,436 | 6,302,436 | 1,920,000 | 431,074 | 2,351,074 | 18,838,130 | 2,917,290 | 21,755,420 |
| 522,985 | 66,025 | 589,010 | 2,200,000 | 68,541 | 2,268,541 | 2,005,000 | 351,518 | 2,356,518 | 12,186,137 | 2,135,886 | 14,322,023 |
| 549,331 | 40,441 | 589,772 | - | - | - | 2,100,000 | 264,804 | 2,364,804 | 9,824,142 | 1,621,603 | 11,445,745 |
| 90,000 | 24,758 | 114,758 | - | - | - | 2,195,000 | 174,203 | 2,369,203 | 8,470,000 | 1,206,266 | 9,676,266 |
| 95,000 | 19,763 | 114,763 | - | - | - | 2,215,000 | 84,435 | 2,299,435 | 8,195,000 | 829,021 | 9,024,021 |
| 95,000 | 14,512 | 109,512 | - | - | - | 935,000 | 19,685 | 954,685 | 6,330,000 | 494,988 | 6,824,988 |
| 100,000 | 8,991 | 108,991 | - | - | - | - | - | - | 2,700,000 | 277,823 | 2,977,823 |
| 105,000 | 3,080 | 108,080 | - | - | - | - | - | - | 2,620,000 | 140,163 | 2,760,163 |
| - | - | - | - | - | - | - | - | - | 920,000 | 49,750 | 969,750 |
| - | - | - | - | - | - | - | - | - | 525,000 | 13,913 | 538,913 |
| <u>\$ 6,022,734</u> | <u>\$ 2,225,209</u> | <u>\$ 8,247,943</u> | <u>\$ 66,615,000</u> | <u>\$ 13,442,370</u> | <u>\$ 80,057,370</u> | <u>\$ 26,300,000</u> | <u>\$ 9,306,328</u> | <u>\$ 35,606,328</u> | <u>\$ 279,260,856</u> | <u>\$ 92,076,489</u> | <u>\$ 371,337,345</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

b) Business Type Activities long-Term Debt

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

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

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

| | <u>Interest Rate %</u> | <u>Year of Issue</u> | <u>Year of Maturity</u> | <u>Original Amount</u> | <u>Amount Outstanding</u> |
|--|----------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------|
| Water and wastewater | | | | | |
| Revenue bonds: | | | | | |
| Series 2004 | 2.5-4.45 | 2004 | 2024 | 7,110,000 | \$ 4,215,000 |
| Series 2004-A | 2.0-4.75 | 2004 | 2024 | 5,615,000 | 4,095,000 |
| Series 2005 | 2.75-4.50 | 2005 | 2025 | 5,725,000 | 4,460,000 |
| Series 2005-A | 3.5-4.25 | 2005 | 2025 | 10,230,000 | 7,880,000 |
| Series 2006 | 4.0-5.5 | 2006 | 2026 | 4,840,000 | 4,105,000 |
| Series 2006-A | 4.25-4.375 | 2006 | 2027 | 6,625,000 | 5,745,000 |
| Series 2007 | 4.0-4.50 | 2007 | 2027 | 15,845,000 | 13,500,000 |
| Series 2008 | 3.5-5.50 | 2009 | 2029 | 4,940,000 | 4,625,000 |
| Series 2010 | 0.0-2.587 | 2010 | 2030 | 4,995,000 | 4,810,000 |
| Series 2011 | | 2011 | 2031 | 8,940,000 | 8,940,000 |
| Total revenue bonds | | | | | <u>62,375,000</u> |
| Premiums/discounts, net | | | | | 93,206 |
| Deferred loss on refunding | | | | | (154,466) |
| Compensated absences | | | | | 218,202 |
| Total water and wastewater long-term debt | | | | | <u>62,531,942</u> |
| Solid waste | | | | | |
| Closure and post closure liability | N/A | N/A | N/A | N/A | 5,317,993 |
| Compensated absences | N/A | N/A | N/A | N/A | 72,720 |
| Total solid waste long-term debt | | | | | <u>5,390,713</u> |
| Municipal airport | | | | | |
| General obligation bonds: | | | | | |
| Series 1998B | 3.25-4.9 | 1998 | 2012 | 1,238,648 | 65,000 |
| Certificates of obligation bonds: | | | | | |
| Series 2004A | 2.25-5.0 | 2004 | 2024 | 2,120,000 | 1,855,000 |
| Compensated absences | N/A | N/A | N/A | N/A | 36,299 |
| Total municipal airport long-term debt | | | | | <u>1,956,299</u> |
| Municipal golf | | | | | |
| General obligation bonds: | | | | | |
| Series 2002 | 4.5-5.0 | 2002 | 2022 | 835,000 | 835,000 |
| Series 2004A | 2.0-4.75 | 2004 | 2024 | 3,510,000 | 2,660,000 |
| Series 2007 | 4.0-4.50 | 2007 | 2019 | 1,482,000 | 1,376,601 |
| Total general obligation bonds | | | | | <u>4,871,601</u> |
| Certificate of obligation bonds: | | | | | |
| Series 2004 | 2.50-4.45 | 2004 | 2024 | 717,000 | 522,540 |
| Series 2004B | 2.0-4.75 | 2004 | 2024 | 1,215,000 | 890,000 |
| Series 2006 | 4.0-5.50 | 2006 | 2026 | 153,750 | 135,000 |
| Total certificate of obligation bonds | | | | | <u>1,547,540</u> |
| Premiums/discounts, net | N/A | N/A | N/A | N/A | 5,665 |
| Compensated absences | N/A | N/A | N/A | N/A | 39,270 |
| Total municipal golf long-term debt | | | | | <u>6,464,076</u> |
| Storm Water | | | | | |
| Compensated absences | | | | | <u>13,523</u> |
| Total business-type activities' long-term debt | | | | | <u>\$ 76,356,553</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

| | Balance October 1, 2010 | Borrowings or Increase | Payments or Decrease | Balance September 30, 2011 | Due Within One Year |
|--|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| Water and wastewater | | | | | |
| Revenue bonds: | | | | | |
| Series 1998 | \$ 2,090,000 | \$ - | \$ (2,090,000) | \$ - | \$ - |
| Series 2002 | 2,915,000 | - | (2,915,000) | - | - |
| Series 2002-A | 1,830,000 | - | (1,830,000) | - | - |
| Series 2003 | 3,925,000 | - | (3,925,000) | - | - |
| Series 2004 | 4,670,000 | - | (455,000) | 4,215,000 | 480,000 |
| Series 2004-A | 4,330,000 | - | (235,000) | 4,095,000 | 240,000 |
| Series 2005 | 4,690,000 | - | (230,000) | 4,460,000 | 240,000 |
| Series 2005-A | 8,295,000 | - | (415,000) | 7,880,000 | 430,000 |
| Series 2006 | 4,285,000 | - | (180,000) | 4,105,000 | 190,000 |
| Series 2006-A | 5,980,000 | - | (235,000) | 5,745,000 | 245,000 |
| Series 2007 | 14,085,000 | - | (585,000) | 13,500,000 | 610,000 |
| Series 2008 | 4,785,000 | - | (160,000) | 4,625,000 | 165,000 |
| Series 2010 | 4,995,000 | - | (185,000) | 4,810,000 | 190,000 |
| Series 2011 | - | 8,940,000 | - | 8,940,000 | 1,090,000 |
| Total revenue bonds | 66,875,000 | 8,940,000 | (13,440,000) | 62,375,000 | 3,880,000 |
| Premiums/discount, net | (3,043) | 188,553 | (92,304) | 93,206 | - |
| Deferred loss on refunding | - | (167,338) | 12,872 | (154,466) | - |
| Compensated absences | 213,702 | 279,773 | (275,273) | 218,202 | 218,202 |
| Total water and wastewater long-term debt | 67,085,659 | 9,240,988 | (13,794,705) | 62,531,942 | 4,098,202 |
| Solid waste | | | | | |
| Closure and post closure liability | 5,071,131 | 246,862 | - | 5,317,993 | - |
| Compensated absences | 77,297 | 115,022 | (119,599) | 72,720 | 72,720 |
| Total solid waste long-term debt | 5,148,428 | 361,884 | (119,599) | 5,390,713 | 72,720 |
| Municipal airport | | | | | |
| General obligation bonds: | | | | | |
| Series 1998-B | 120,000 | - | (55,000) | 65,000 | 65,000 |
| Certificates of Obligation | | | | | |
| Series 2004A | 1,905,000 | - | (50,000) | 1,855,000 | 45,000 |
| Compensated absences | 26,673 | 24,262 | (14,636) | 36,299 | 16,911 |
| Total municipal airport long-term debt | 2,051,673 | 24,262 | (119,636) | 1,956,299 | 126,911 |
| Municipal golf | | | | | |
| General obligation bonds: | | | | | |
| Series 2002 | 835,000 | - | - | 835,000 | - |
| Series 2004A | 2,790,000 | - | (130,000) | 2,660,000 | 135,000 |
| Series 2007 | 1,482,000 | - | (105,399) | 1,376,601 | 122,058 |
| Total general obligation bonds | 5,107,000 | - | (235,399) | 4,871,601 | 257,058 |
| Certificate of obligation bonds: | | | | | |
| Series 2004 | 552,457 | - | (29,917) | 522,540 | 30,914 |
| Series 2004B | 940,000 | - | (50,000) | 890,000 | 55,000 |
| Series 2006 | 140,000 | - | (5,000) | 135,000 | 5,000 |
| Total certificate of obligation bonds | 1,632,457 | - | (84,917) | 1,547,540 | 90,914 |
| Premiums/discount, net | 6,019 | - | (354) | 5,665 | - |
| Compensated absences | 38,174 | 37,494 | (36,398) | 39,270 | 39,270 |
| Total municipal golf long-term debt | 6,783,650 | 37,494 | (357,068) | 6,464,076 | 387,242 |
| Storm water | | | | | |
| Compensated absences | 14,463 | 18,953 | (19,893) | 13,523 | 13,523 |
| Total business-type activities' long-term debt | \$ 81,083,873 | \$ 9,683,581 | \$ (14,410,901) | \$ 76,356,553 | \$ 4,698,598 |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(i) Water and Wastewater System Debt

In January 2011 the City issued \$8,940,000 in Water Wastewater System Revenue Bonds, Series 2011. The proceeds of the bonds were used to refund \$9,500,000 of Water & Wastewater System Revenue Bonds.

- Early in fiscal year 2011 the City executed a combined current and advanced refunding of \$9,500,000 of Water & Wastewater System Revenue Bonds. The bonds were refunded with a single issue of \$8,940,000 Water & Wastewater System Revenue Refunding Bonds, Series 2011. The proceeds of the refunding bonds provided resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability was removed from the City’s financial records in fiscal year 2011. The reacquisition price exceeded the net carrying amount of the old debt by \$167,338. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. This advanced refunding was undertaken to reduce total debt service payments over the next thirteen years by approximately \$1,338,615 and to obtain an economic gain of \$367,019.
- Defeased Debt Outstanding
 At September 30, 2011, certain outstanding debt of the city is considered to be defeased. The following table details such outstanding defeased debt:

| <u>Type of Obligation</u> | <u>Defeased Debt Outstanding</u> |
|---------------------------------------|--------------------------------------|
| Water Wastewater Revenue Series 2002 | \$ 2,730,000 |
| Water Wastewater Revenue Series 2002A | 1,710,000 |
| | <u>\$ 4,440,000</u> |

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

Although not required by state laws, City Council in the past has chosen to have the electorate vote to authorize revenue bond issuance. During the fiscal year ended September 30, 2005, the City issued the remaining authorized water and wastewater system revenue bonds. At this time the city plans to issue non- voted authorized revenue bonds in the future.

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

- Net revenues (defined as gross revenues less expenses of operation and maintenance) are pledged for the payment of bond principal and interest.
- Additional water and wastewater system revenue bonds cannot be issued unless the “net earnings” (defined as gross revenues after deducting the expenses of operation and

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

maintenance, excluding depreciation and certain other items specified in the ordinances) of the system for 12 consecutive months out of the 15 months prior to the date of such bonds is equal to at least 1.25 times the average annual requirements for the payment of principal and interest on the then outstanding bonds and any additional bonds then proposed to be issued.

- All revenues derived from the operations must be kept separate from other funds of the City.
- The amount required to meet interest and principal payments falling due on or before the next maturity dates of the bonds is to be paid into the water and wastewater system interest and redemption account during each year.

At September 30, 2011, the City was in compliance with these covenants.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

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

Water and Wastewater System Revenue Bonds:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|----------------------|----------------------|
| 2012 | \$ 3,880,000 | \$ 2,393,731 | \$ 6,273,731 |
| 2013 | 4,015,000 | 2,260,656 | 6,275,656 |
| 2014 | 3,845,000 | 2,122,220 | 5,967,220 |
| 2015 | 3,905,000 | 1,983,025 | 5,888,025 |
| 2016 | 3,690,000 | 1,844,828 | 5,534,828 |
| 2017 | 3,830,000 | 1,705,635 | 5,535,635 |
| 2018 | 3,995,000 | 1,557,074 | 5,552,074 |
| 2019 | 4,160,000 | 1,398,348 | 5,558,348 |
| 2020 | 4,050,000 | 1,233,386 | 5,283,386 |
| 2021 | 4,225,000 | 1,062,477 | 5,287,477 |
| 2022 | 4,415,000 | 880,709 | 5,295,709 |
| 2023 | 4,075,000 | 699,259 | 4,774,259 |
| 2024 | 4,130,000 | 522,234 | 4,652,234 |
| 2025 | 3,590,000 | 355,160 | 3,945,160 |
| 2026 | 2,575,000 | 221,466 | 2,796,466 |
| 2027 | 2,290,000 | 115,580 | 2,405,580 |
| 2028 | 675,000 | 51,795 | 726,795 |
| 2029 | 705,000 | 23,134 | 728,134 |
| 2030 | 325,000 | 4,204 | 329,204 |
| Total | <u>\$ 62,375,000</u> | <u>\$ 20,434,921</u> | <u>\$ 82,809,921</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Water and Wastewater System Debt Service Coverage

According to the terms of the ordinance which authorized the sale of Water and Wastewater Revenue Bonds, the Water and Wastewater system will produce net revenues each year in an amount reasonably estimated to be not less than 1.25 times the average annual principal and interest requirements of the outstanding bonds. At September 30, 2011, compliance with this requirement can be demonstrated as follows:

| | | |
|--|----|-------------------|
| Revenue (1) | \$ | 55,785,237 |
| Operating expense (excluding depreciation): | | |
| Water purchased | | 10,919,426 |
| Sewage disposal contract | | 10,894,876 |
| Other | | <u>17,336,950</u> |
| Total expense (2) | | 39,151,252 |
| Available for debt service | \$ | 16,633,985 |
| Average annual principal and interest requirements, all water and wastewater revenue bonds at September 30, 2011 | \$ | 4,358,417 |
| Coverage of average annual requirements based on September 30, 2011 revenue available for debt service | | 3.82 |

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

(2) Excludes depreciation expense.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(ii) Municipal Golf Course Long-Term Debt

Municipal Golf Course long-term debt consists of general obligation refunding bonds issued in 2004 and 2007, certificates of obligation bonds issued in 1993, 1998, 2004, 2006 and 2007 used to finance the construction of the Tangle Ridge Golf Course, improvements to other municipal golf courses and accrued compensated absences. The long-term debt are currently being repaid from the Debt Service Fund.

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

General Obligation Bonds:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|---------------------|---------------------|
| 2012 | \$ 257,058 | \$ 209,568 | \$ 466,626 |
| 2013 | 267,825 | 200,702 | 468,527 |
| 2014 | 314,152 | 190,586 | 504,738 |
| 2015 | 331,200 | 179,356 | 510,556 |
| 2016 | 343,248 | 167,481 | 510,729 |
| 2017 | 356,257 | 154,976 | 511,233 |
| 2018 | 374,266 | 141,622 | 515,888 |
| 2019 | 397,595 | 118,426 | 516,021 |
| 2020 | 405,000 | 93,044 | 498,044 |
| 2021 | 425,000 | 74,369 | 499,369 |
| 2022 | 445,000 | 54,794 | 499,794 |
| 2023 | 465,000 | 34,028 | 499,028 |
| 2024 | 490,000 | 11,637 | 501,637 |
| Total | <u>\$ 4,871,601</u> | <u>\$ 1,630,589</u> | <u>\$ 6,502,190</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Certificate of Obligation Bonds:

| Fiscal Year | Principal | Interest | Total |
|-------------|--------------|------------|--------------|
| 2012 | \$ 90,914 | \$ 64,844 | \$ 155,758 |
| 2013 | 92,908 | 61,198 | 154,106 |
| 2014 | 93,905 | 57,387 | 151,292 |
| 2015 | 99,903 | 53,473 | 153,376 |
| 2016 | 106,897 | 49,187 | 156,084 |
| 2017 | 112,894 | 44,479 | 157,373 |
| 2018 | 114,888 | 39,592 | 154,480 |
| 2019 | 120,886 | 34,520 | 155,406 |
| 2020 | 127,880 | 29,136 | 157,016 |
| 2021 | 129,874 | 23,515 | 153,389 |
| 2022 | 136,869 | 17,646 | 154,515 |
| 2023 | 143,864 | 11,360 | 155,224 |
| 2024 | 150,858 | 4,613 | 155,471 |
| 2025 | 10,000 | 900 | 10,900 |
| 2026 | 15,000 | 338 | 15,338 |
| Total | \$ 1,547,540 | \$ 492,188 | \$ 2,039,728 |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(iii) Municipal Airport Long-Term Debt

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

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

General Obligation Bonds:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|------------------|
| 2012 | \$ 65,000 | \$ 3,185 | \$ 68,185 |
| Total | <u>\$ 65,000</u> | <u>\$ 3,185</u> | <u>\$ 68,185</u> |

Certificate of Obligation Bonds:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|-------------------|---------------------|
| 2012 | \$ 45,000 | \$ 86,291 | \$ 131,291 |
| 2013 | 115,000 | 83,035 | 198,035 |
| 2014 | 120,000 | 78,260 | 198,260 |
| 2015 | 125,000 | 72,972 | 197,972 |
| 2016 | 130,000 | 67,072 | 197,072 |
| 2017 | 140,000 | 60,660 | 200,660 |
| 2018 | 145,000 | 53,891 | 198,891 |
| 2019 | 150,000 | 46,979 | 196,979 |
| 2020 | 160,000 | 39,710 | 199,710 |
| 2021 | 170,000 | 31,830 | 201,830 |
| 2022 | 175,000 | 23,375 | 198,375 |
| 2023 | 185,000 | 14,375 | 199,375 |
| 2024 | 195,000 | 4,875 | 199,875 |
| Total | <u>\$ 1,855,000</u> | <u>\$ 663,325</u> | <u>\$ 2,518,325</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

(c) Grand Prairie Housing Finance Corporation Long-Term Debt

The HFC has a general obligation note payable to a bank which was used to construct the Cotton Creek and Willow Tree Learning Center. The note bears a rate of 7% and is payable in equal monthly installments of \$19,380 through July 1, 2027.

In December, 2003, the HFC issued Independent Senior Living Center Revenue Bonds for \$13,890,000 to finance the construction and operations of its planned Senior Living Center facility. The bonds bear interest rates from 7.5% to 7.75% and are payable semi-annually with interest only through July 1, 2009. The bonds are non-recourse liabilities collateralized solely by the land and construction in progress, less the accrued interest.

A summary of long-term debt activity during the fiscal year ended December 31, 2010 follows:

| | Beginning Balance | Additions | Deletions | Adjustments | Ending Balance | Due Within One Year |
|-------------------|----------------------|------------------|---------------------|-------------|----------------------|---------------------------|
| Note payable | \$ 2,344,271 | \$ - | \$ (4,686) | \$ - | \$ 2,339,585 | \$ 45,483 |
| Line of Credit | 153,306 | 10,350 | - | - | 163,656 | 163,656 |
| Revenue bonds | 13,810,000 | - | (630,000) | (4,550,000) | 8,630,000 | 140,000 |
| Subordinate bonds | - | - | - | 4,550,000 | 4,550,000 | - |
| Developer loan | 1,045,904 | 41,759 | - | - | 1,087,663 | - |
| Total | <u>\$ 17,353,481</u> | <u>\$ 52,109</u> | <u>\$ (634,686)</u> | <u>\$ -</u> | <u>\$ 16,770,904</u> | <u>\$ 349,139</u> |

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

Future maturities of the debt are as follows:

| Fiscal Year Ending December 31 | Note Payable | | Revenue Bonds | |
|-----------------------------------|---------------------|---------------------|---------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2011 | \$ 45,483 | \$ 157,005 | \$ 140,000 | \$ 662,431 |
| 2012 | 48,158 | 154,331 | 150,000 | 651,744 |
| 2013 | 51,522 | 150,966 | 160,000 | 640,306 |
| 2014 | 54,836 | 147,652 | 175,000 | 628,119 |
| 2015 | 58,363 | 144,125 | 190,000 | 614,619 |
| 2016-2020 | 2,081,223 | 551,698 | 1,175,000 | 2,832,103 |
| 2021-2025 | - | - | 1,720,000 | 2,294,000 |
| 2026-2030 | - | - | 2,515,000 | 1,497,494 |
| 2031-2034 | - | - | 2,405,000 | 384,206 |
| Total | <u>\$ 2,339,585</u> | <u>\$ 1,305,777</u> | <u>\$ 8,630,000</u> | <u>\$ 10,205,022</u> |

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

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Conduit Debt – Mortgage Revenue Bonds

The HFC issues Single Family and Multi-Family Mortgage Revenue Bonds. The proceeds of the bonds are placed in trust to be used for the origination of qualifying single- or multi-family mortgages or to refund, at any time, bonds previously issued by HFC. The bonds are to be paid only from the funds placed in trust, and these funds can be used only for purposes specified in the bond indenture. HFC is liable to the bondholders only to the extent of the related revenues and assets pledged under the indenture. Therefore, these transactions are accounted for as conduit debt, and the principal amount of the bonds outstanding and assets held by the trustee are not reflected on the face of the financial statements.

At December 31, 2010, outstanding conduit debt was as follows:

| <u>Bond Series</u> | <u>Original Issue Amount</u> | <u>Outstanding Amount</u> |
|--|----------------------------------|-------------------------------|
| 2001 Single-Family Mortgage Revenue Bonds | \$ 14,160,000 | \$ 1,652,326 |
| 2004B Single-Family Mortgage Revenue & Refunding Bonds | 7,500,000 | 3,189,742 |
| 2003 Re-Offering Senior Living Center Priority | 8,630,000 | 8,630,000 |
| 2003 Re-Offering Senior Living Center Subordinate | 4,550,000 | 4,550,000 |
| Total | | <u>\$ 18,022,068</u> |

3) Closure and Post Closure Liability

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfills stop accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The City follows the provisions of GASB Statement No. 18 Accounting for Municipal Solid Waste Landfill Closure and Post closure Care Costs. Accordingly, the City has recorded a closure and post closure care liability of \$5,317,993 in the Solid Waste Fund. The total liability represents the cumulative amount reported to date based on the use of 35.99% of the estimated capacity of the landfill.

The City will recognize the remaining estimated cost of closure and post closure care of \$9,593,548 as the remaining estimated capacity is filled. The City expects to close the landfill in year 2062. Actual cost may be higher or lower due to inflation, changes in technology or changes in regulations.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

c. Fund Equity, Net Assets, and Fund Balance

1) Fund Equity

A fund's equity is generally the difference between its assets and liabilities.

2) Net Assets: Invested in Capital Assets, Net of Related Debt

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

3) Net Assets: Restricted

This component of net assets reports liquid assets which have third-party (statutory, bond covenant or granting agency) limitations on their use.

4) Net Assets: Unrestricted

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

5) Fund Balance Disclosure

In accordance with Governmental Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, an accounting distinction is made between the portions of fund equity that are spendable and non-spendable. These are broken up into five categories:

- Non-spendable – includes amounts that are not in a spendable form or are required to be maintained intact, for example Inventory or permanent funds.
- Restricted – includes amounts that can be spent only for specific purposes either constitutionally or through enabling legislation (e.g., grants and child safety fees).
- Committed – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- Assigned – comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds, other than the general fund, assigned fund balance represents the amount that is not restricted or

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

- Unassigned – the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

The City of Grand Prairie shall approve all commitments by formal action. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by the same formal action.

When it is appropriate for fund balance to be assigned, the City of Grand Prairie delegates the responsibility to assign funds to the City Manager or his/her designee. Assignments may occur subsequent to fiscal year-end.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The City of Grand Prairie will utilize funds in the following spending order:

- Restricted
- Committed
- Assigned
- Unassigned

A schedule of City fund balances is provided in the following page.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

| | General | | Street | Debt | Non Major | Non Major | |
|----------------------------------|----------------------|---------------------|----------------------|---------------------|----------------------|----------------------|-----------------------|
| | Fund | Section 8 | Improvements | Service | Capital Projects | Special Revenue | Total |
| FUND BALANCES: | | | | | | | |
| Nonspendable: | | | | | | | |
| Pre-paids | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 265,296 | \$ 265,296 |
| Spendable: | | | | | | | |
| Restricted for: | | | | | | | |
| Section 8 | - | 6,210,838 | - | - | - | - | 6,210,838 |
| Street Improvements | - | - | 28,219,526 | - | - | - | 28,219,526 |
| Debt Service | - | - | - | 6,815,530 | - | - | 6,815,530 |
| Fire Capital | - | - | - | - | 3,283,819 | - | 3,283,819 |
| Park Venue | - | - | - | - | - | 7,189,625 | 7,189,625 |
| Senior Center | - | - | - | - | - | 1,108,990 | 1,108,990 |
| Hotel Motel | - | - | - | - | - | 1,133,740 | 1,133,740 |
| Police seizure | - | - | - | - | - | 1,277,377 | 1,277,377 |
| Tax Increment Financing | - | - | - | - | - | 10,138,934 | 10,138,934 |
| Lake/Parks | - | - | - | - | - | 5,227,037 | 5,227,037 |
| Baseball stadium | - | - | - | - | - | 1,240,258 | 1,240,258 |
| Streets | - | - | - | - | - | 4,815,070 | 4,815,070 |
| Crime fund operations | - | - | - | - | - | 2,632,196 | 2,632,196 |
| Cemetery | - | - | - | - | - | 680,380 | 680,380 |
| Grants | - | - | - | - | - | 5,420,544 | 5,420,544 |
| Other purposes | - | - | - | - | - | 593,063 | 593,063 |
| Other Special Revenue | - | - | - | - | - | 2,947,127 | 2,947,127 |
| Public Improvement Districts | - | - | - | - | - | 994,597 | 994,597 |
| Total Restricted | - | 6,210,838 | 28,219,526 | 6,815,530 | 3,283,819 | 45,398,938 | 89,928,651 |
| Committed to: | | | | | | | |
| Municipal Facilities | - | - | - | - | 5,505,935 | - | 5,505,935 |
| CAP Lending | - | - | - | - | 13,857,472 | - | 13,857,472 |
| Drainage Capital | - | - | - | - | 6,655,146 | - | 6,655,146 |
| Other Capital projects | - | - | - | - | 6,769,540 | - | 6,769,540 |
| Pool Investment | - | - | - | - | - | 328,405 | 328,405 |
| Cemetery | - | - | - | - | - | 777,987 | 777,987 |
| Economic Development | - | - | - | - | - | 167,051 | 167,051 |
| Total Committed | - | - | - | - | 32,788,093 | 1,273,443 | 34,061,536 |
| Assigned to: | | | | | | | |
| Encumbrances | 240,279 | - | - | - | - | - | 240,279 |
| Home Match Cash Fund | 119,835 | - | - | - | - | - | 119,835 |
| Employee Welfare | 28,709 | - | - | - | - | - | 28,709 |
| Library Memorials | 17,939 | - | - | - | - | - | 17,939 |
| Community Art | 8,690 | - | - | - | - | - | 8,690 |
| At Risk Youths | 34,900 | - | - | - | - | - | 34,900 |
| Impact Grand Prairie | 8,917 | - | - | - | - | - | 8,917 |
| Anti Drug Program | 10,483 | - | - | - | - | - | 10,483 |
| Greg Hunter Scholarship | 50,124 | - | - | - | - | - | 50,124 |
| Police Memorials | 6,984 | - | - | - | - | - | 6,984 |
| Shattered Dreams | 3,908 | - | - | - | - | - | 3,908 |
| State Training (Police) | 35,673 | - | - | - | - | - | 35,673 |
| Animal Shelter Contributions | 276,184 | - | - | - | - | - | 276,184 |
| Parks Education Foundation | 5,400 | - | - | - | - | - | 5,400 |
| Westchester Park | 12,740 | - | - | - | - | - | 12,740 |
| Uptown Trust | 107,294 | - | - | - | - | - | 107,294 |
| First Offender Program | 32,402 | - | - | - | - | - | 32,402 |
| Kirby Creek Accessibility Garden | 55,120 | - | - | - | - | - | 55,120 |
| Take a Load Off Facility | 292,611 | - | - | - | - | - | 292,611 |
| US Marshals Service Agreement | 13,000 | - | - | - | - | - | 13,000 |
| Baseball Repair & Maintenance | 15,000 | - | - | - | - | - | 15,000 |
| Other projects | 31,512 | - | - | - | - | - | 31,512 |
| Total Assigned | 1,407,704 | - | - | - | - | - | 1,407,704 |
| Unassigned | 29,186,299 | - | - | - | - | - | 29,186,299 |
| Total fund balances: | \$ 30,594,003 | \$ 6,210,838 | \$ 28,219,526 | \$ 6,815,530 | \$ 36,071,912 | \$ 46,937,677 | \$ 154,849,486 |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

d. Interfund Transactions

The composition of interfund balances as of September 30, 2011, is as follows:

The General Fund receivable represents cash provided to Other Special Revenue Funds for temporary funding of reimbursement – basis grants.

1) Interfund Transfers

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

| | Transfers In | | | | |
|------------------------|---------------------|---------------------|---------------------|------------------|-----------------------------|
| | General Fund | Section 8 | Street Improvements | Debt Service | Nonmajor Governmental Funds |
| <u>Transfers out:</u> | | | | | |
| General Fund | \$ - | \$ - | \$ - | \$ - | \$ 11,984,326 |
| Section 8 | - | 1,110,514 | - | 50,000 | 8,287 |
| Street Improvements | - | - | - | - | 1,617,540 |
| Debt Service | - | - | - | - | 1,167 |
| Nonmajor | | | | | |
| Governmental Funds | 1,822,309 | - | 491,371 | - | 10,251,772 |
| Internal Service Funds | - | - | - | - | 31,165 |
| Water/wastewater | - | - | - | - | 2,264,112 |
| Solid Waste | 14,466 | - | - | - | 805,625 |
| Nonmajor | | | | | |
| Enterprise Funds | - | - | - | - | 3,913,306 |
| Total | <u>\$ 1,836,775</u> | <u>\$ 1,110,514</u> | <u>\$ 491,371</u> | <u>\$ 50,000</u> | <u>\$ 30,877,300</u> |

| | Transfers In | | | | |
|------------------------|----------------------|---------------------|---------------------|-------------------|----------------------|
| | Water Wastewater | Municipal Golf | Solid Waste | Municipal Airport | Total |
| <u>Transfers out:</u> | | | | | |
| General Fund | \$ - | \$ - | \$ - | \$ - | \$ 11,984,326 |
| Section 8 | - | - | - | - | 1,168,801 |
| Street Improvements | - | - | - | - | 1,617,540 |
| Debt Service | - | 605,826 | - | - | 606,993 |
| Nonmajor | | | | | |
| Governmental Funds | 140,865 | 500,000 | 124,967 | - | 13,331,284 |
| Internal Service Funds | - | - | - | - | 31,165 |
| Water/wastewater | 11,792,572 | - | - | - | 14,056,684 |
| Solid Waste | - | - | 1,725,000 | - | 2,545,091 |
| Nonmajor | | | | | |
| Enterprise Funds | - | - | - | 767,031 | 4,680,337 |
| Total | <u>\$ 11,933,437</u> | <u>\$ 1,105,826</u> | <u>\$ 1,849,967</u> | <u>\$ 767,031</u> | <u>\$ 50,022,221</u> |

Transfers are used to (1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, (2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, (3) move unrestricted revenues to finance various programs that the government

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and (4) move capital assets from one fund to another.

2) Cost Reimbursements

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

Total reimbursement for “indirect cost” to the General Fund is considered general and administrative revenue. Amounts from other funds are included in general and administrative expenses. Significant cost reimbursements made during the year were as follows:

| <u>Fund</u> | <u>Amount</u> |
|-----------------------------------|---------------------|
| Water and Wastewater Funds | \$ 3,015,227 |
| Solid Waste Funds | 321,341 |
| Section 8 Housing Grant Fund | 161,407 |
| Storm Water Funds | 72,391 |
| Other Nonmajor Governmental Funds | 381,349 |
| Total to General Fund | <u>\$ 3,951,715</u> |

3) Franchise Fees

The City’s enterprises which use the public right-of-way funds pay franchise fees to the General Fund as if they were organizations separate from the City. These fees are not taxes, but are compensation to the City for the use of the City’s water lines, sewer lines, etc. These payments, 4% of gross revenues, are reported as interfund services provided and used rather than interfund transactions, and are treated as revenue (reported as franchise fees) in the General Fund and expense in the enterprise funds. Such fees paid during the year were:

| <u>Fund</u> | <u>Amount</u> |
|----------------------------|---------------------|
| Water and Wastewater Funds | \$ 2,092,534 |
| Solid Waste Funds | 306,168 |
| Storm Water Funds | 200,578 |
| Total | <u>\$ 2,599,280</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

4) Payments in Lieu of Property Taxes

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

| <u>Fund</u> | <u>Amount</u> |
|----------------------------|---------------------|
| Water and Wastewater Funds | \$ 1,189,426 |
| Solid Waste Funds | 83,854 |
| Total | <u>\$ 1,273,280</u> |

e. Leases

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

On March 5, 2009, Magna Entertainment Corp (MEC) the parent company of MEC Lone Star Park LP filed for bankruptcy under Chapter 11 federal bankruptcy protection. Subsequently on September 14, 2009 Lone Star filed for bankruptcy protection. Since the bankruptcy filing, Lone Star has been current on all rent payments with the exception of \$5,289 of additional rent that is due the Corporation for September 2009.

On October 23, 2009, an auction for Lone Star was conducted with Global Gaming LSP, LLC (a wholly owned subsidiary of the Chickasaw Nation) winning the auction for \$47 million. On May 13, 2011, Global Gaming obtained their license with the Texas Racing Commission. The sale was completed on May 16, 2011. Under the terms of the purchase agreement Global Gaming has agreed to assume the lease agreement between Lone Star and the Corporation.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The agreement states that upon completion of the project, Global Gaming will lease the facility for a period of 30 years. The lease became effective April 1997 and meets the requirements for accounting as a direct financing lease. The future base rent payments under the lease are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------------|-----------------------------|
| 2012 | \$ 1,560,900 |
| 2013 | 1,597,200 |
| 2014 | 1,597,200 |
| 2015 | 1,597,200 |
| 2016 | 1,597,200 |
| Thereafter | <u>19,555,584</u> |
| | 27,505,284 |
| Less interest | <u>12,143,480</u> |
| Net present value | <u><u>\$ 15,361,804</u></u> |

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

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

The lease has been accounted for as a capital lease. However, only the base rent payments are determinable and are included in the lease payments receivable at the net present value of future rent payments. The remaining portion of the Facility is recorded as estimated unguaranteed residual value of the lease. Its fair value is estimated to be approximately equal to the differences between the original cost plus capitalized improvements of the Facility, net of what accumulated depreciation would be, and the fixed lease payments receivable. Therefore, this amount is being amortized over the life of the lease (30 years). Amortization for the year ended September 30, 2011 was \$3,395,444. Additional contingent rentals are recorded as revenue when received.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

The capital lease is being amortized using the interest method over the 30-year life of the lease. The Corporation has recorded lease rental and interest for the year ended September 30, 2011 as follows:

| | |
|---|--------------|
| | 2011 |
| Nominal interest on the lease | \$ 1,454,400 |
| Amortization of the lease | (228,966) |
| Net interest | 1,225,434 |
| Contingent rentals received (includes rent for simulcast facility prior to completion of project) | 232,525 |
| Total lease rental and interest | \$ 1,457,959 |

4. CONTRACTS, COMMITMENTS AND CONTINGENT LIABILITIES

a. Federal Grants

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

b. Litigation

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

c. Water Intake Facility Contract

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

d. Water Purchase Contracts

According to the terms of a take-or-pay contract between the City and TRA, the City is entitled to 10.56% of the raw water yield of Lake Joe Pool which yields 15.1 million gallons

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

of water a day. The City is paying for its prorated share of the project over a 50-year amortization period, 10 years from the date the reservoir gates were closed in January 1986. It is estimated that the City's total liability will be approximately \$7,032,000.

A contract with the City of Fort Worth, effective until the year 2031, permits the City to purchase up to 2.5 million gallons of treated water daily.

The City has a 30-year contract with the City of Dallas, which expires in 2042, for the purchase of water. Grand Prairie currently takes up to 33.8 million gallons a day, and pays a fixed demand charge plus a volume charge. The demand charge is based on current maximum demand or the highest demand established during the five preceding years whichever is greater. Thus, even if the City were to stop purchasing water from Dallas, its obligation to pay the demand charge (\$199,958 per million gallons per day) would extend for five years. The maximum may be increased in future years as needed. Grand Prairie has two intake points for City of Dallas water with a contractual right obligating the City of Dallas to meet Grand Prairie's needs. Existing pipelines will provide up to 55 million gallons per day.

e. Wastewater Treatment Contract

The City has a 50 year contract with TRA, which will expire in 2023, for wastewater treatment. The City is billed for its prorated share of total wastewater costs, which was 12.36% during fiscal year 2011. The City must pay its prorated share of the debt service related to wastewater treatment facilities until the debt matures whether it contributes to flow or not.

f. Master and Other Agreements

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

Baseball Stadium Agreements - The Citizens of Grand Prairie approved a 1/8 cent sales tax to build a minor league professional baseball stadium. The City of Grand Prairie (City) and Grand Prairie Professional Baseball, LP (GPPB) entered into an agreement on June 26, 2007 to develop, construct and operate a minor league professional baseball stadium. This was accomplished through the use of development, lease and sublease agreements. Construction began in July, 2007 and was completed in May of 2008.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

Ground Lease - The City entered into a lease agreement with the Sports Corporation for the land on which the stadium was built. The lease runs through June 25, 2036 with an annual base rent of \$50,000.

Stadium Sublease-GPPB and the City entered into a sublease agreement for GPPB to operate the baseball stadium facility. GPPB pays monthly rent of \$16,667 of which one-fourth is for lease of land and three-fourths is for lease of improvements. Additional rent is paid annually and due March 31 of each year. The following schedule determines the additional rent level: 0% of adjusted net income between \$0-\$399,999; 25% of adjusted net income between \$400,000-800,000 and 50% of adjusted net income over \$800,000. This lease agreement expires the earlier of May 15, 2028 or termination of underlying lease.

On March 15, 2011, City Council unanimously approved the assignment and transfer for the lease of the baseball stadium from GPPB to ISB, Inc.

g. Construction Commitments

The City has several approved outstanding major capital projects as of September 30, 2011. The City's total committed but unexpended expenditures for such authorized capital projects at year-end approximates \$45,723,834. Funding for these contracts will be received through various capital projects funds and enterprise funds.

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

5. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains five enterprise funds for water and wastewater, golf, solid waste, airport and storm water utility activities. Segment information for the non-major enterprise fund with outstanding revenue-backed certificates of obligation debt is as follows:

| | <u>Municipal Airport</u> |
|---|------------------------------|
| <u>Condensed statement of net assets:</u> | |
| Current assets | \$ 3,814,694 |
| Capital assets | 8,417,515 |
| Total assets | <u>12,232,209</u> |
| Current liabilities | 514,860 |
| Long-term liabilities | 1,829,388 |
| Total liabilities | <u>2,344,248</u> |
| Net assets invested in capital assets, net of related debt | 6,497,515 |
| Unrestricted net assets | 3,390,446 |
| Total net assets | <u>\$ 9,887,961</u> |
| <u>Condensed statement of revenue, expense and changes in net assets:</u> | |
| Sales to customers | \$ 1,474,951 |
| Other revenue | 2,316,626 |
| Total operating revenue | <u>3,791,577</u> |
| Depreciation | 438,408 |
| Other operating expenses | 2,271,608 |
| Total operating expenses | <u>2,710,016</u> |
| Interest expense | <u>(94,443)</u> |
| Total nonoperating revenue (expense) | <u>(94,443)</u> |
| Income (loss) before transfers | 987,118 |
| Transfers in | 767,031 |
| Transfers out | <u>(772,501)</u> |
| Change in net assets | 981,648 |
| Net assets at the beginning of the year | <u>8,906,313</u> |
| Net assets at the end of the year | <u>\$ 9,887,961</u> |
| <u>Condensed statement of cash flows:</u> | |
| Net cash provided (used) by: | |
| Operating activities | \$ 1,176,969 |
| Noncapital financing activities | (5,470) |
| Capital and related financing activities | 53,765 |
| Investing activities | (1,398,026) |
| Beginning cash and cash equivalent balances | <u>1,376,247</u> |
| Ending cash and cash equivalent balances | <u>\$ 1,203,485</u> |

CITY OF GRAND PRAIRIE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2011

6. SUBSEQUENT EVENTS

On November 22, 2011 the City Council issued:

- \$30,115,000 in General Obligation Refunding and Improvement Bonds, Series 2011A. The proceeds along with approximately \$8,782,008 in cash are to be used to fund \$570,000 of public safety and street improvements, and to refund \$39,740,000 General Obligation and Certificate of Obligation Bonds.
- \$7,430,000 in Combination Tax and Revenue Certificates of Obligation, Series 2011A. The proceeds are to be used to fund fire, street, and other City structure improvements.
- \$11,020,000 in Water and Wastewater System Refunding and Improvement Bonds, New Series 2011A. The proceeds are to be used to fund \$3,626,000 of the City’s combined water and wastewater system, and to refund \$7,590,000 Water and Wastewater System Revenue Bonds.
- The City defeased \$2,800,000 of General Obligation and Certificates of Obligation using cash from one time sources and prior issued debt.

The City has evaluated all other events or transactions that occurred after September 30, 2011 up through March 31, 2012, the date the financial statements were available to be issued.

7. CHANGE IN ACCOUNTING PRINCIPLE

The GASB issued Statement No. 54, Fund Balance Reporting and Governmental Type Definitions, to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and clarifying fund type definitions. The City implemented GASB 54 for the fiscal year ended September 30, 2011. The City has reclassified its governmental fund balances to conform with GASB 54 classifications as described in Note 3(c)5.

Additionally, GASB Statement 54 required the City to evaluate the classification of special revenue funds. In accordance with GASB 54, special revenue funds are used only to account for the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects. Due to the nature of revenue sources and lack of restriction or commitment of such sources the City has reclassified the activity and the beginning of the year fund balances into existing funds that were appropriate for the revenue sources and related expenditures as summarized below:

| | Governmental Funds | | | | | | Proprietary Funds | | | Total |
|--|----------------------|---------------------|-----------------------|---------------------|---------------------|------------------------|-----------------------|----------------------|----------------------|-----------------------|
| | General Fund | Section 8 | Other Special Revenue | Baseball | Fire Capital | Other Capital projects | Water | Solid Waste | Employee Insurance | |
| Beginning fund balance, as previously reported | \$ 30,101,515 | \$ 5,988,245 | \$ 3,955,363 | \$ 2,390,508 | \$ 3,109,981 | \$ 5,628,917 | \$ 171,258,661 | \$ 19,098,606 | \$ 10,479,678 | \$ 252,011,474 |
| Fire Capital project | - | - | (38,331) | - | 38,331 | - | - | - | - | - |
| Section 8 | - | 2,100 | (2,100) | - | - | - | - | - | - | - |
| General Fund projects | 732,058 | - | (543,627) | (50,000) | - | (138,431) | - | - | - | - |
| Enterprise and Internal Service funds projects | - | - | (413,578) | - | - | - | 562 | 337,664 | 75,352 | - |
| Beginning fund balance, as restated | <u>\$ 30,833,573</u> | <u>\$ 5,990,345</u> | <u>\$ 2,957,727</u> | <u>\$ 2,340,508</u> | <u>\$ 3,148,312</u> | <u>\$ 5,490,486</u> | <u>\$ 171,259,223</u> | <u>\$ 19,436,270</u> | <u>\$ 10,555,030</u> | <u>\$ 252,011,474</u> |

REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF GRAND PRAIRIE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Budget | | Actual | Variance |
|---|-----------------|----------------|---------------|-------------------|
| | Original | Final | GAAP | with |
| | | | Basis | Final |
| | | | | Budget - |
| | | | | Positive |
| | | | | (Negative) |
| REVENUE | | | | |
| Property tax | \$ 40,602,993 | \$ 40,602,993 | \$ 40,552,706 | \$ (50,287) |
| Sales tax | 19,121,417 | 19,121,417 | 20,651,345 | 1,529,928 |
| Other taxes | 251,000 | 251,000 | 230,436 | (20,564) |
| Franchise fees | 12,294,201 | 12,294,201 | 13,041,940 | 747,739 |
| Charges for goods and services | 4,449,243 | 4,449,243 | 4,876,764 | 427,521 |
| Licenses and permits | 1,997,208 | 1,997,208 | 2,258,224 | 261,016 |
| Fines and forfeitures | 5,243,219 | 5,243,219 | 5,112,430 | (130,789) |
| Intergovernmental revenue | 771,232 | 771,232 | 785,983 | 14,751 |
| General and administrative costs | 3,987,022 | 3,987,022 | 3,951,715 | (35,307) |
| Investment income | 512,570 | 512,570 | 232,135 | (280,435) |
| Other | 223,919 | 223,919 | 1,047,336 | 823,417 |
| Total revenue | 89,454,024 | 89,454,024 | 92,741,014 | 3,286,990 |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Support services | 12,197,940 | 11,171,865 | 10,405,522 | 766,343 |
| Public safety services | 58,707,893 | 60,034,549 | 59,400,698 | 633,851 |
| Recreation and leisure services | 1,866,401 | 1,815,027 | 1,650,855 | 164,172 |
| Development services and other services | 11,576,172 | 11,776,661 | 11,324,201 | 452,460 |
| Capital outlay | 661,000 | 662,415 | 605,251 | 57,164 |
| Total expenditures | 85,009,406 | 85,460,517 | 83,386,527 | 2,073,990 |
| Excess of revenue over expenditures | 4,444,618 | 3,993,507 | 9,354,487 | 5,360,980 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,475,458 | 1,475,458 | 1,836,775 | 361,317 |
| Transfers out | (9,606,118) | (12,206,118) | (11,984,326) | 221,792 |
| Sale of capital assets | 358,000 | 358,000 | 553,494 | 195,494 |
| Total other financing sources (uses) | (7,772,660) | (10,372,660) | (9,594,057) | 778,603 |
| Net change in fund balance | \$ (3,328,042) | \$ (6,379,153) | \$ (239,570) | \$ 6,139,583 |

**CITY OF GRAND PRAIRIE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SECTION 8 FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>GAAP</u> | <u>Final Budget-</u> |
| | | | <u>Basis</u> | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| REVENUE | | | | |
| Charges for goods and service | \$ 68,592 | \$ 68,592 | \$ 54,203 | \$ (14,389) |
| Licenses and permits | 192,364 | 192,364 | 200,862 | 8,498 |
| Intergovernmental revenue | 21,278,420 | 21,278,420 | 24,573,016 | 3,294,596 |
| Investment income | 48,505 | 48,505 | 10,000 | (38,505) |
| Other | 27,600 | 27,600 | 41,670 | 14,070 |
| Total revenue | <u>21,615,481</u> | <u>21,615,481</u> | <u>24,879,751</u> | <u>3,264,270</u> |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Development services | 21,565,481 | 21,565,481 | 24,551,059 | (2,985,578) |
| Capital outlay | 50,000 | 50,000 | 49,912 | 88 |
| Total expenditures | <u>21,615,481</u> | <u>21,615,481</u> | <u>24,600,971</u> | <u>(2,985,490)</u> |
| Excess of revenues over expenditures | <u>-</u> | <u>-</u> | <u>278,780</u> | <u>278,780</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 1,110,514 | 1,110,514 |
| Transfers out | - | - | (1,168,801) | (1,168,801) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(58,287)</u> | <u>(58,287)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 220,493</u> | <u>\$ 220,493</u> |

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

| Fiscal Year | Actuarial Valuation Date | (1) Actuarial Value of Assets | (2) Actuarial Accrued Liability (AAL) | (3) Percentage Funded (1)/(2) | (4) Unfunded Actuarial Accrued Liability (AAL) (2) - (1) | (5) Covered Payroll | (6) Unfunded Actuarial Accrued Liability (AAL) as a Percentage of Covered Payroll (4)/(5) | Annual Required Contributions | Actual Contributions |
|--------------------|---------------------------------|--|--|--|---|--------------------------------|--|--------------------------------------|-----------------------------|
| 2004 | 12/31/2004 | \$ 142,198,405 | \$ 177,576,317 | 80.08% | \$ 35,377,912 | \$ 49,764,580 | 71.09% | \$ 6,590,869 | \$ 6,590,869 |
| 2005 | 12/31/2005 | 152,470,087 | 187,718,712 | 81.22% | 35,248,625 | 52,997,624 | 66.51% | 7,222,849 | 7,222,849 |
| 2006 | 12/31/2006 | 157,030,678 | 194,053,949 | 80.92% | 37,023,271 | 53,849,572 | 68.75% | 7,715,790 | 7,715,790 |
| 2007 | 12/31/2007 | 167,101,197 | 208,328,802 | 80.21% | 41,227,605 | 56,817,617 | 72.56% | 7,577,405 | 7,577,405 |
| 2008 | 12/31/2008 | 174,692,032 | 252,870,914 | 69.08% | 78,178,882 | 61,880,950 | 126.34% | 8,203,635 | 8,203,635 |
| 2009 | 12/31/2009 | 184,115,536 | 270,661,623 | 68.02% | 86,546,087 | 67,018,137 | 129.14% | 8,955,152 | 8,955,152 |
| 2010 | 12/31/2010 | 195,807,917 | 283,654,428 | 69.03% | 87,846,511 | 66,030,734 | 133.04% | 9,792,823 | 9,792,823 |
| 2011 | 12/31/2011 | 299,459,271 | 365,426,666 | 81.95% | 65,967,395 | 65,426,278 | 100.83% | 10,466,084 | 10,466,084 |

Eight year historical trend information designed to provide information about the fund's progress made in accumulating sufficient assets to pay benefits when due is available for plan years 2004 through 2011. This information can be referred to in separately issued financial reports of the pension fund.

**CITY OF GRAND PRAIRIE, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS
 FUNDING PROGRESS AND CONTRIBUTIONS
 LAST THREE VALUATION YEARS (Unaudited)**

| Fiscal Year | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Liability (AAL) Unit Credit Method | Unfunded Actuarial Liability (UAAL) | Funded Percent |
|--------------------|---|--|---|--|---------------------------|
| 2009 | 12/31/2007 | - | \$ 15,782,172 | \$ 15,782,172 | 0% |
| 2010 | 12/31/2009 | - | 25,220,971 | 25,220,971 | 0% |
| 2011 | 9/30/2010 | - | 28,244,542 | 28,244,542 | 0% |

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



**CITY OF GRAND PRAIRIE, TEXAS
MAJOR FUND OTHER SCHEDULES
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND - BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-----------------------|-----------------------|---------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>GAAP</u> | <u>Final Budget-</u> |
| | | | <u>Basis</u> | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| REVENUE | | | | |
| Property tax | \$ 15,453,048 | \$ 15,453,048 | \$ 15,493,076 | \$ 40,028 |
| Investment income | 37,682 | 37,682 | 587 | (37,095) |
| Total revenue | <u>15,490,730</u> | <u>15,490,730</u> | <u>15,493,663</u> | <u>2,933</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal retirement | 9,194,945 | 9,194,945 | 9,194,944 | 1 |
| Interest | <u>6,746,695</u> | <u>6,746,695</u> | <u>6,682,875</u> | <u>63,820</u> |
| Total expenditures | <u>15,941,640</u> | <u>15,941,640</u> | <u>15,877,819</u> | <u>63,821</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>(450,910)</u> | <u>(450,910)</u> | <u>(384,156)</u> | <u>66,754</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 50,000 | 50,000 | 50,000 | - |
| Transfers out | (605,826) | (605,826) | (606,993) | (1,167) |
| Premium on debt issued | - | - | 253,855 | 253,855 |
| Refunding bond issued | - | - | 14,235,000 | 14,235,000 |
| Payments for refunded debt | - | - | (14,305,695) | (14,305,695) |
| Total other financing sources (uses) | <u>(555,826)</u> | <u>(555,826)</u> | <u>(373,833)</u> | <u>181,993</u> |
| Net change in fund balance | <u>\$ (1,006,736)</u> | <u>\$ (1,006,736)</u> | <u>\$ (757,989)</u> | <u>\$ 248,747</u> |



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COMBINING FINANCIAL STATEMENTS NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used by the City to account for revenues derived from specific taxes, fees, donations, and grants which are restricted or committed to expenditures for specific purposes other than for debt service or capital projects.

- ◆ Other Special Revenue Funds – account for operations of various small funds and includes Red light Safety Fund, Commercial Vehicle, Theater, Economic Development, and Juvenile Case Management Fund.
- ◆ Park Venue 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.
- ◆ Senior Center Sales Tax – accounts for the operation of the Active Adult Center for the citizens of Grand Prairie.
- ◆ Hotel/Motel Tax Fund – accounts for the receipts and allocation of the City's 7% hotel-motel tax revenue in accordance with the requirements of state law.
- ◆ Police Seizure Fund – accounts for police seizure assets for pending court cases and for money awarded to the City by county courts from assets seized by the Grand Prairie Police Department.
- ◆ Municipal Court Fund – accounts for fees collected to maintain security for municipal court buildings, judicial efficiency, and municipal court technology.
- ◆ Cable Operations Fund - accounts for the revenue collected through the cable company for government access programming. Expenditures in this special revenue fund are committed for the operations and improvements to the City's cable channel.
- ◆ Tax Increment Financing Districts (TIF) Fund – accounts for the activity of the City's three TIFs. Revenues collected are primarily inter-local property tax increment funding.
- ◆ Lake Parks – accounts for the activity of the 4 major parks surrounding Joe Pool Lake and revenues that were received from Trinity River Authority.
- ◆ Pool Investment Fund - accounts for the financial investment of City's funds and related operational expenditures
- ◆ Baseball Stadium Fund - accounts for the City's baseball stadium and ongoing rental income and debt service.
- ◆ Street Sales Tax Fund – accounts for the quarter cent sales tax to maintain existing streets and alleys that was effective April 1, 2002.
- ◆ Crime Sales Tax Fund-accounts for the Crime Sales Tax revenue collected by the City
- ◆ Cemetery Fund-accounts for the Memorial Gardens operations and related revenues received by the City
- ◆ Grants Fund-accounts for the various federal, state and local grant revenue received by the City. All grants included in this fund are for specific projects with limited duration.
- ◆ Community Development Block Grant (CDBG) Fund-accounts for the CDBG revenue received by the City from US Department of Housing and Urban Development .
- ◆ Public Improvement Districts (PID) Fund- accounts for the activity of the City's sixteen PIDs.

Capital Projects Funds

Capital Projects Funds are used to account for capital improvements which are financed by the city's general obligation bond issues and other restricted, committed and assigned resources for capital projects.

- ◆ Senior Center Fund – accounts for the construction/improvement and other expenditures related to the Active Adult Center for the citizens of Grand Prairie.
- ◆ Fire Capital Fund – accounts for the construction/improvement of fire related facilities and capital purchase of fire related equipment for the safety of the citizens and businesses in the City.
- ◆ Municipal Facilities Fund – accounts for the construction and capital improvements of the City's facilities.
- ◆ Capital Lending Reserve Fund was established for financing one-time, non-recurring capital projects.
- ◆ Drainage Fund-accounts for the construction/improvements and other expenditures related to City's drainage system.
- ◆ Crime Tax Construction in Progress Fund- accounts for the construction/improvements and other expenditures related to the City's public safety building.
- ◆ Other Capital Projects funds- includes Capital Reserve Fund, Street Projects Fund, Equipment Acquisition Fund, and Certificates of Obligation Fund.

CITY OF GRAND PRAIRIE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

| | Special Revenue Funds | | | | | | | | | | Total Special Revenue Funds-page 1 | |
|---|--------------------------------------|---------------------|----------------------------|---------------------|---------------------|--------------------|---------------------|-------------------------------------|---------------------|----------------------|---|--|
| | Other Special Revenue Funds | Park Venue | Senior Center Sales tax | Hotel Motel | Police Seizure | Municipal Court | Cable Operations | Increment Financing Districts | Lake Parks | Tax | | |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 1,814,943 | \$ 4,956,003 | \$ 30,717 | \$ 1,001,942 | \$ 1,395,327 | \$ 220,801 | \$ 209,002 | \$ 7,138,934 | \$ 1,104,418 | \$ 17,872,087 | | |
| Investments | 1,625,000 | 1,723,344 | 500,000 | 30,000 | 50,000 | - | 100,000 | 3,000,000 | 4,192,298 | 11,220,642 | | |
| Sales tax receivable | - | 1,156,547 | 578,273 | - | - | - | - | - | - | 1,734,820 | | |
| Franchise fees receivable | - | - | - | - | - | - | 70,329 | - | - | 70,329 | | |
| Other receivables | 65,712 | 48,441 | - | 154,910 | 6,945 | - | - | - | - | 276,008 | | |
| Due from other governments | - | - | - | - | - | - | - | - | - | - | | |
| Prepaid expenditures | - | - | - | - | - | - | - | - | - | - | | |
| Total assets | 3,505,655 | 7,884,335 | 1,108,990 | 1,186,852 | 1,452,272 | 220,801 | 379,331 | 10,138,934 | 5,296,716 | 31,173,886 | | |
| LIABILITIES AND FUND BALANCE | | | | | | | | | | | | |
| Liabilities : | | | | | | | | | | | | |
| Accounts payable | 6,787 | 454,536 | - | 49,010 | 37,102 | 2,351 | 2,064 | - | 50,708 | 602,558 | | |
| Accrued liabilities | 384,690 | 99,203 | - | 4,102 | 137,793 | 1,369 | 1,285 | - | 18,971 | 647,413 | | |
| Customer deposits | - | 21,354 | - | - | - | - | - | - | - | 21,354 | | |
| Deferred revenue | - | 119,617 | - | - | - | - | - | - | - | 119,617 | | |
| Total liabilities | 391,477 | 694,710 | - | 53,112 | 174,895 | 3,720 | 3,349 | - | 69,679 | 1,390,942 | | |
| Fund balance: | | | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | - | - | - | | |
| Restricted | 2,947,127 | 7,189,625 | 1,108,990 | 1,133,740 | 1,277,377 | 217,081 | 375,982 | 10,138,934 | 5,227,037 | 29,615,893 | | |
| Committed | 167,051 | - | - | - | - | - | - | - | - | 167,051 | | |
| Total fund balance | 3,114,178 | 7,189,625 | 1,108,990 | 1,133,740 | 1,277,377 | 217,081 | 375,982 | 10,138,934 | 5,227,037 | 29,782,944 | | |
| Total liabilities and fund balance | \$ 3,505,655 | \$ 7,884,335 | \$ 1,108,990 | \$ 1,186,852 | \$ 1,452,272 | \$ 220,801 | \$ 379,331 | \$ 10,138,934 | \$ 5,296,716 | \$ 31,173,886 | | |

CITY OF GRAND PRAIRIE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

Special Revenue Funds

| | Pool Investment | Baseball Stadium | Street Sales Tax | Crime Sales tax | Cemetery | Grants | CDBG | PID | Total Special Revenue Funds page 2 | Total Special Revenue Funds |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-------------------|---------------------|------------------------------------|-----------------------------|
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ 81,851 | \$ 61,985 | \$ 2,968,001 | \$ 152,558 | \$ 1,695,273 | \$ 6,992,522 | \$ 343,224 | \$ 1,045,892 | \$ 13,341,306 | \$ 31,213,393 |
| Investments | 200,570 | 600,000 | 1,500,000 | 1,500,000 | 300,000 | - | - | - | 4,100,570 | 15,321,212 |
| Sales tax receivable | - | 578,273 | 1,156,547 | 979,638 | - | - | - | - | 2,714,458 | 4,449,278 |
| Franchise fees receivable | - | - | - | - | - | - | - | - | - | 70,329 |
| Other receivables | 260,355 | - | - | - | 233,463 | - | - | 3,669 | 497,487 | 773,495 |
| Due from other governments | - | - | - | - | - | 2,809,550 | 156,798 | - | 2,966,348 | 2,966,348 |
| Prepaid expenditures | - | - | - | - | - | 265,296 | - | - | 265,296 | 265,296 |
| Total assets | 542,776 | 1,240,258 | 5,624,548 | 2,632,196 | 2,228,736 | 10,067,368 | 500,022 | 1,049,561 | 23,885,465 | 55,059,351 |
| LIABILITIES AND FUND BALANCE | | | | | | | | | | |
| Liabilities : | | | | | | | | | | |
| Accounts payable | 44,590 | - | 743,633 | - | 23,106 | 876,097 | 110,382 | 54,964 | 1,852,772 | 2,455,330 |
| Accrued liabilities | 169,781 | - | 65,845 | - | 5,545 | 48,119 | 19,787 | - | 309,077 | 956,490 |
| Customer deposits | - | - | - | - | - | - | - | - | - | 21,354 |
| Deferred revenue | - | - | - | - | 741,718 | 3,627,374 | 199,791 | - | 4,568,883 | 4,688,500 |
| Total liabilities | 214,371 | - | 809,478 | - | 770,369 | 4,551,590 | 329,960 | 54,964 | 6,730,732 | 8,121,674 |
| Fund balance: | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | 265,296 | - | - | 265,296 | 265,296 |
| Restricted | - | 1,240,258 | 4,815,070 | 2,632,196 | 680,380 | 5,250,482 | 170,062 | 994,597 | 15,783,045 | 45,398,938 |
| Committed | 328,405 | - | - | - | 777,987 | - | - | - | 1,106,392 | 1,273,443 |
| Total fund balance | 328,405 | 1,240,258 | 4,815,070 | 2,632,196 | 1,458,367 | 5,515,778 | 170,062 | 994,597 | 17,154,733 | 46,937,677 |
| Total liabilities and fund balance | \$ 542,776 | \$ 1,240,258 | \$ 5,624,548 | \$ 2,632,196 | \$ 2,228,736 | \$ 10,067,368 | \$ 500,022 | \$ 1,049,561 | \$ 23,885,465 | \$ 55,059,351 |

CITY OF GRAND PRAIRIE, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2011

| Capital Projects Funds | | | | | | | | | | |
|---|-------------------|---------------------------|---------------------|----------------------|---------------------|------------------------------|------------------------------|-----------------------------------|--|--|
| Senior Center | Fire Capital | Municipal Facilities MFAC | CAP Lending | Drainage | Crime Tax CIP | Other Capital Projects Funds | Total Capital Projects Funds | Total Nonmajor Governmental Funds | | |
| | \$ 277,205 | \$ 63,320 | \$ 9,657 | \$ 1,868,955 | \$ 554,024 | \$ 154,293 | \$ 4,154,549 | \$ 35,367,942 | | |
| Cash and cash equivalents | - | 3,258,927 | 5,578,202 | 12,000,000 | 6,671,184 | - | 32,666,378 | 47,987,590 | | |
| Investments | - | - | - | - | - | - | - | 4,449,278 | | |
| Sales tax receivable | - | - | - | - | - | - | - | 70,329 | | |
| Franchise tax receivable | - | - | - | - | - | - | - | - | | |
| Other receivables | - | - | 38,517 | - | - | - | 38,517 | 812,012 | | |
| Due from other governments | - | - | - | - | - | - | - | 2,966,348 | | |
| Prepaid expenditures | - | - | - | - | - | - | - | 265,296 | | |
| Total assets | 277,205 | 3,322,247 | 5,587,859 | 13,907,472 | 7,225,208 | 154,293 | 36,859,444 | 91,918,795 | | |
| LIABILITIES AND FUND BALANCE | | | | | | | | | | |
| Liabilities : | | | | | | | | | | |
| Accounts payable | - | 16,329 | 81,924 | 50,000 | 534,847 | 14,751 | 730,218 | 3,185,548 | | |
| Accrued liabilities | - | 22,099 | - | - | 35,215 | - | 57,314 | 1,013,804 | | |
| Customer deposits | - | - | - | - | - | - | - | 21,354 | | |
| Deferred revenue | - | - | - | - | - | - | - | 4,688,500 | | |
| Total liabilities | - | 38,428 | 81,924 | 50,000 | 570,062 | 14,751 | 787,532 | 8,909,206 | | |
| Fund balance: | | | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | - | 265,296 | | |
| Restricted | - | 3,283,819 | - | - | - | - | 3,283,819 | 48,682,757 | | |
| Committed | 277,205 | - | 5,505,935 | 13,857,472 | 6,655,146 | 139,542 | 32,788,093 | 34,061,536 | | |
| Total fund balance | 277,205 | 3,283,819 | 5,505,935 | 13,857,472 | 6,655,146 | 139,542 | 36,071,912 | 83,009,589 | | |
| Total liabilities and fund balance | \$ 277,205 | \$ 3,322,247 | \$ 5,587,859 | \$ 13,907,472 | \$ 7,225,208 | \$ 154,293 | \$ 36,859,444 | \$ 91,918,795 | | |

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Special Revenue Funds | | | | | | | | | | Total Special Revenue Funds-page 1 |
|--|--------------------------------------|---------------|----------------------------|----------------|-------------------|--------------------|---------------------|--|---------------|------|---|
| | Other Special Revenue Funds | Park Venue | Senior Center Sales Tax | Hotel Motel | Police Seizure | Municipal Court | Cable Operations | Tax Incremental Financing Districts | Lake Parks | | |
| REVENUE | | | | | | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,495,346 | \$ - | \$ - | \$ - | \$ 15,495,346 |
| Sales tax | - | 5,313,584 | 2,656,793 | - | - | - | - | - | - | - | 7,970,377 |
| Other taxes | - | - | - | 1,102,548 | - | - | - | - | - | - | 1,102,548 |
| Franchise fees | - | - | - | - | - | - | - | - | - | - | - |
| Charges for goods and service | - | 2,480,200 | - | 9,794 | - | - | - | - | 1,996,241 | - | 4,486,235 |
| Licenses and permits | - | - | - | - | - | - | - | - | 180,935 | - | 180,935 |
| Fines and forfeitures | 1,664,403 | - | - | - | - | 210,454 | - | - | - | - | 1,874,857 |
| Intergovernmental revenue | - | - | - | - | 826,165 | - | - | - | - | - | 826,165 |
| Investment income | - | - | - | - | 4,550 | - | - | - | - | - | 4,550 |
| Contributions | 867,029 | 173,046 | - | - | - | - | - | - | 811,086 | - | 1,851,161 |
| Other | 10,655 | 642,706 | - | 24,489 | 4,543 | - | 268,005 | - | 62,948 | - | 1,013,346 |
| Total revenue | 2,542,087 | 8,609,536 | 2,656,793 | 1,136,831 | 835,258 | 210,454 | 268,005 | 15,495,346 | 3,051,210 | - | 34,805,520 |
| EXPENDITURES | | | | | | | | | | | |
| Current operations: | | | | | | | | | | | |
| Support services | - | - | - | 828,249 | - | - | 186,880 | 1,921,751 | - | - | 2,936,880 |
| Public safety services | 1,464,419 | - | - | - | 240,547 | 203,929 | - | - | - | - | 1,908,895 |
| Recreation and leisure services | 1,324 | 11,845,379 | - | - | - | - | - | - | 2,829,526 | - | 14,676,229 |
| Development services and other | 27,639 | - | - | - | - | - | - | - | - | - | 27,639 |
| Capital outlay | 39,141 | 815,988 | - | 14,261 | 206,537 | 34,147 | 28,803 | 1,400,000 | 206,627 | - | 2,745,504 |
| Debt service: | | | | | | | | | | | |
| Principal retirement | 765,000 | 970,000 | 3,295,000 | - | - | - | - | 4,524,000 | - | - | 9,554,000 |
| Interest charges | 83,474 | 1,094,924 | 234,410 | - | - | - | - | 1,035,605 | - | - | 2,448,413 |
| Total expenditures | 2,380,997 | 14,726,291 | 3,529,410 | 842,510 | 447,084 | 238,076 | 215,683 | 8,881,356 | 3,036,153 | - | 34,297,560 |
| Excess (deficiency) of revenue over (under) expenditures | 161,090 | (6,116,755) | (872,617) | 294,321 | 388,174 | (27,622) | 52,322 | 6,613,990 | 15,057 | - | 507,960 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | |
| Transfers in | 848,474 | 7,513,871 | - | 196,632 | - | - | - | 7,372,569 | 244,000 | - | 16,175,546 |
| Transfers out | (853,113) | (1,407,040) | (4,282) | (298,218) | (143) | - | (285) | (9,302,475) | (259,538) | - | (12,125,094) |
| Sale of capital assets | - | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | (4,639) | 6,106,831 | (4,282) | (101,586) | (143) | - | (285) | (1,929,906) | (15,538) | - | 4,050,452 |
| Net change in fund balance | 156,451 | (9,924) | (876,899) | 192,735 | 388,031 | (27,622) | 52,037 | 4,684,084 | (481) | - | 4,558,412 |
| Fund balance - beginning of year | 3,955,363 | 7,199,549 | 1,985,889 | 941,005 | 889,346 | 244,703 | 323,945 | 5,454,850 | 5,227,518 | - | 26,222,168 |
| Change in accounting principle | (997,636) | - | - | - | - | - | - | - | - | - | (997,636) |
| Restated fund balance - beginning of year | 2,957,727 | 7,199,549 | 1,985,889 | 941,005 | 889,346 | 244,703 | 323,945 | 5,454,850 | 5,227,518 | - | 25,224,532 |
| Fund balance - end of year | 3,114,178 | 7,189,625 | 1,108,990 | 1,133,740 | 1,277,377 | 217,081 | 375,982 | 10,138,934 | 5,227,037 | - | 29,782,944 |

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| Special Revenue Funds | | | | | | | | | | | |
|--|-----------------|------------------|------------------|-----------------|--------------|--------------|------------|------------|------------------------------------|-----------------------------|---------------|
| | Pool Investment | Baseball Stadium | Street Sales Tax | Crime Sales Tax | Cemetery | Grants | CDBG | PID | Total Special Revenue Funds-page 2 | Total Special Revenue Funds | |
| REVENUE | | | | | | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,495,346 |
| Sales tax | - | 2,656,792 | 5,313,584 | 5,121,697 | - | - | - | - | 13,092,073 | - | 21,062,450 |
| Other taxes | - | - | - | - | - | - | - | - | - | - | 1,102,548 |
| Franchise fees | - | - | - | - | - | - | - | - | - | - | - |
| Charges for goods and service | - | - | 44,190 | - | 768,060 | 2,412 | - | 2,187,262 | 3,001,924 | - | 7,488,159 |
| Licenses and permits | - | - | - | - | - | - | - | - | - | - | 180,935 |
| Fines and forfeitures | - | - | - | - | - | - | - | - | - | - | 1,874,857 |
| Intergovernmental revenue | - | - | - | - | - | 9,027,136 | 2,617,263 | - | 11,644,399 | - | 12,470,564 |
| Investment income | 1,093,865 | - | - | - | - | - | - | 80 | 1,093,945 | - | 1,098,495 |
| Contributions | - | - | - | - | - | - | - | - | - | - | 1,851,161 |
| Other | - | - | - | - | 68 | 44,676 | - | 14,979 | 59,723 | - | 1,073,069 |
| Total revenue | 1,093,865 | 2,656,792 | 5,357,774 | 5,121,697 | 768,128 | 9,074,224 | 2,617,263 | 2,202,321 | 28,892,064 | - | 63,697,584 |
| EXPENDITURES | | | | | | | | | | | |
| Current operations: | | | | | | | | | | | |
| Support services | 734,344 | - | - | - | - | 1,355 | - | - | 735,699 | - | 3,672,579 |
| Public safety services | - | - | - | - | - | 1,216,101 | - | - | 1,216,101 | - | 3,124,996 |
| Recreation and leisure services | - | - | - | - | 527,885 | 1,734,447 | - | - | 2,262,332 | - | 16,938,561 |
| Development services and other | - | - | 4,471,243 | - | - | 590,697 | 2,406,821 | 1,780,064 | 9,248,825 | - | 9,276,464 |
| Capital outlay | - | - | - | - | 5,662 | 4,398,117 | 312,663 | 301,998 | 5,018,440 | - | 7,763,944 |
| Debt service: | | | | | | | | | | | |
| Principal retirement | - | 3,555,000 | - | 6,445,000 | - | - | - | 245,000 | 10,245,000 | - | 19,799,000 |
| Interest charges | - | 196,904 | - | 744,335 | - | - | - | 92,808 | 1,034,047 | - | 3,482,460 |
| Total expenditures | 734,344 | 3,751,904 | 4,471,243 | 7,189,335 | 533,547 | 7,940,717 | 2,719,484 | 2,419,870 | 29,760,444 | - | 64,058,004 |
| Excess (deficiency) of revenue over (under) expenditures | 359,521 | (1,095,112) | 886,531 | (2,067,638) | 234,581 | 1,133,507 | (102,221) | (217,549) | (868,380) | - | (360,420) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | | |
| Transfers in | 312,726 | - | 1,473,280 | - | 100,000 | 2,725,355 | - | 155,136 | 4,766,497 | - | 20,942,043 |
| Transfers out | - | (5,138) | - | (9,991) | (100,000) | (39,718) | - | (16,000) | (170,847) | - | (12,295,941) |
| Sale of capital assets | - | - | - | - | - | 1,349 | - | - | 1,349 | - | 1,349 |
| Total other financing sources (uses) | 312,726 | (5,138) | 1,473,280 | (9,991) | - | 2,686,986 | - | 139,136 | 4,596,999 | - | 8,647,451 |
| Net change in fund balance | 672,247 | (1,100,250) | 2,359,811 | (2,077,629) | 234,581 | 3,820,493 | (102,221) | (78,413) | 3,728,619 | - | 8,287,031 |
| Fund balance - beginning of year | (343,842) | 2,390,508 | 2,455,259 | 4,709,825 | 1,223,786 | 1,695,285 | 272,283 | 1,073,010 | 13,476,114 | - | 39,698,282 |
| Change in accounting principle | - | (50,000) | - | - | - | - | - | - | (50,000) | - | (1,047,636) |
| Restated fund balance - beginning of year | (343,842) | 2,340,508 | 2,455,259 | 4,709,825 | 1,223,786 | 1,695,285 | 272,283 | 1,073,010 | 13,426,114 | - | 38,650,646 |
| Fund balance - end of year | \$ 328,405 | \$ 1,240,258 | \$ 4,815,070 | \$ 2,632,196 | \$ 1,458,367 | \$ 5,515,778 | \$ 170,062 | \$ 994,597 | \$ 17,154,733 | \$ | \$ 46,937,677 |

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Capital Project Funds | | | | | | | Total Nonmajor Governmental Funds |
|--|-----------------------|-----------------|---------------------------------|---------------|--------------|------------------|---------------------------------------|--|
| | Senior Center | Fire Capital | Municipal Facilities MFAC | CAP Lending | Drainage | Crime Tax CIP | Other Capital Projects Funds | |
| REVENUE | | | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,495,346 |
| Sales tax | - | - | - | - | - | - | - | 21,062,450 |
| Other taxes | - | - | - | - | - | - | - | 1,102,548 |
| Franchise fees | - | - | - | 451,037 | - | - | - | 451,037 |
| Charges for goods and service | - | - | - | - | - | - | - | 7,488,159 |
| Licenses and permits | - | 3,713 | - | - | - | - | - | 184,648 |
| Fines and forfeitures | - | - | - | - | - | - | - | 1,874,857 |
| Intergovernmental revenue | - | - | - | - | - | - | 259 | 12,470,564 |
| Investment income | - | - | - | 1,901,388 | - | - | - | 1,098,754 |
| Rents and Royalties | - | - | - | - | - | - | - | 1,901,388 |
| Contributions | - | - | - | - | - | - | - | 1,851,161 |
| Other | - | - | - | - | - | - | 153,015 | 1,226,084 |
| Total revenue | - | 3,713 | - | 2,352,425 | - | - | 153,274 | 66,206,996 |
| EXPENDITURES | | | | | | | | |
| Current operations: | | | | | | | | |
| Support services | - | - | - | - | - | - | - | 3,672,579 |
| Public safety services | - | 306,463 | - | - | - | 18,575 | - | 3,450,034 |
| Recreation and leisure services | 5,917 | - | - | - | - | - | - | 16,944,478 |
| Development services and other | - | - | 1,233,236 | - | 601,633 | - | 716,296 | 11,827,629 |
| Capital outlay | 120,193 | 1,561,662 | 414,954 | - | 1,365,638 | 301,893 | 472,309 | 12,000,593 |
| Debt service: | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | - | 19,799,000 |
| Interest charges | - | 20,013 | - | - | - | - | - | 3,502,473 |
| Total expenditures | 126,110 | 1,888,138 | 1,648,190 | - | 1,967,271 | 320,468 | 1,188,605 | 71,196,786 |
| Excess (deficiency) of revenue over (under) expenditures | (126,110) | (1,884,425) | (1,648,190) | 2,352,425 | (1,967,271) | (320,468) | (1,035,331) | (4,989,790) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers in | - | 521,403 | 225,270 | 2,760,000 | 3,959,052 | - | 2,469,532 | 9,935,257 |
| Transfers out | - | (51,918) | (19,348) | (323,826) | (63,357) | - | (576,894) | (1,035,343) |
| Bonds issued | - | 1,550,447 | - | - | - | - | - | 1,550,447 |
| Sale of capital assets | - | - | - | - | - | - | 5,000 | 6,349 |
| Total other financing sources (uses) | - | 2,019,932 | 205,922 | 2,436,174 | 3,895,695 | - | 1,897,638 | 10,455,361 |
| Net change in fund balance | (126,110) | 135,507 | (1,442,268) | 4,788,599 | 1,928,424 | (320,468) | 862,307 | 5,825,991 |
| Fund balance - beginning of year | 403,315 | 3,109,981 | 6,948,203 | 9,068,873 | 4,726,722 | 460,010 | 5,628,917 | 30,346,021 |
| Change in accounting principle | - | 38,331 | - | - | - | - | (138,431) | (100,100) |
| Restated fund balance - beginning of year | 403,315 | 3,148,312 | 6,948,203 | 9,068,873 | 4,726,722 | 460,010 | 5,490,486 | 30,245,921 |
| Fund balance - end of year | \$ 277,205 | \$ 3,283,819 | \$ 5,505,935 | \$ 13,857,472 | \$ 6,655,146 | \$ 139,542 | \$ 6,352,793 | \$ 36,071,912 |



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INDIVIDUAL FUND SCHEDULES

BUDGET TO ACTUAL SCHEDULES

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

- ◆ Park Venue 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.
- ◆ Senior Center Sales Tax Fund – accounts for the operation of the City’s active adult center. Approved by the Grand Prairie voters, a one-eighth cent sales and use tax was levied for the benefit of the Senior Center Sales Tax Fund.
- ◆ Hotel/Motel Tax Fund – accounts for the receipts and allocation of the City’s 7% hotel-motel tax revenue in accordance with the requirements of state law.
- ◆ Police Seizure Fund – accounts for police seizure assets for pending court cases and for money awarded to the City by county courts from assets seized by the Grand Prairie Police Department.
- ◆ Municipal Court Fund – accounts for fees collected to maintain security for municipal court buildings, judicial efficiency, and municipal court technology.
- ◆ Cable Operations Fund – accounts for the revenue collected through the cable company for government access programming. Expenditures in this special revenue fund are designated for the operations and improvements to the City’s cable channel.
- ◆ Crime Sales Tax Fund-account for the Crime Sales Tax revenue collected by the City

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
PARK VENUE FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|--------------------|---------------------|-----------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>GAAP</u> <u>Basis</u> | <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u> |
| REVENUE | | | | |
| Sales tax | \$ 4,780,354 | \$ 4,780,354 | \$ 5,313,584 | \$ 533,230 |
| Charges for goods and services | 2,500,325 | 2,500,325 | 2,480,200 | (20,125) |
| Investment Income | 19,577 | 19,577 | - | (19,577) |
| Contributions | 58,000 | 58,000 | 173,046 | 115,046 |
| Other | 702,520 | 702,520 | 642,706 | (59,814) |
| Total revenue | <u>8,060,776</u> | <u>8,060,776</u> | <u>8,609,536</u> | <u>548,760</u> |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Recreation and leisure services | 12,242,620 | 12,450,173 | 11,845,379 | 604,794 |
| Capital outlay | - | 68,076 | 815,988 | (747,912) |
| Debt service: | | | | |
| Principal retirement | 970,000 | 970,000 | 970,000 | - |
| Interest expense | 1,097,054 | 1,097,054 | 1,094,924 | 2,130 |
| Total expenditures | <u>14,309,674</u> | <u>14,585,303</u> | <u>14,726,291</u> | <u>(140,988)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(6,248,898)</u> | <u>(6,524,527)</u> | <u>(6,116,755)</u> | <u>407,772</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 7,736,020 | 7,736,020 | 7,513,871 | (222,149) |
| Transfers out | <u>(1,364,214)</u> | <u>(1,364,214)</u> | <u>(1,407,040)</u> | <u>(42,826)</u> |
| Total other financing sources (uses) | <u>6,371,806</u> | <u>6,371,806</u> | <u>6,106,831</u> | <u>(264,975)</u> |
| Net change in fund balance | <u>\$ 122,908</u> | <u>\$ (152,721)</u> | <u>\$ (9,924)</u> | <u>\$ 142,797</u> |

**CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
SENIOR CENTER SALES TAX FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Budget</u> | | <u>Actual</u> | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------|-----------------------|-----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>GAAP Basis</u> | |
| REVENUE | | | | |
| Sales tax | \$ 2,390,177 | \$ 2,390,177 | \$ 2,656,793 | \$ 266,616 |
| Investment income | 13,968 | 13,968 | - | (13,968) |
| Total revenue | <u>2,404,145</u> | <u>2,404,145</u> | <u>2,656,793</u> | <u>252,648</u> |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Recreation and leisure | - | 76,159 | - | 76,159 |
| Debt service: | | | | |
| Principal retirement | 475,000 | 3,295,000 | 3,295,000 | - |
| Interest expense | 508,470 | 234,410 | 234,410 | - |
| Total expenditures | <u>983,470</u> | <u>3,605,569</u> | <u>3,529,410</u> | <u>76,159</u> |
| Excess of revenues over expenditures | <u>1,420,675</u> | <u>(1,201,424)</u> | <u>(872,617)</u> | <u>328,807</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (4,282) | (4,282) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(4,282)</u> | <u>(4,282)</u> |
| Net change in fund balance | <u>\$ 1,420,675</u> | <u>\$ (1,201,424)</u> | <u>\$ (876,899)</u> | <u>\$ 324,525</u> |

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
HOTEL/MOTEL TAX FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budget | | Actual | Variance with |
|---|--------------------|--------------------|-------------------|----------------------|
| | Original | Final | GAAP | Final Budget- |
| | | | Basis | Positive |
| | | | | (Negative) |
| REVENUE | | | | |
| Other taxes | \$ 973,000 | \$ 973,000 | \$ 1,102,548 | \$ 129,548 |
| Charges for goods and services | 21,000 | 21,000 | 9,794 | (11,206) |
| Other | - | - | 24,489 | 24,489 |
| Investment income | 2,194 | 2,194 | - | (2,194) |
| Total revenues | 996,194 | 996,194 | 1,136,831 | 140,637 |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Support services | 944,256 | 944,256 | 828,249 | 116,007 |
| Capital outlay | - | 14,261 | 14,261 | - |
| Total expenditures | 944,256 | 958,517 | 842,510 | 116,007 |
| Excess (deficiency) of revenues over (under) expenditures | 51,938 | 37,677 | 294,321 | 256,644 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | 196,632 | 196,632 |
| Transfers out | (101,500) | (101,500) | (298,218) | (196,718) |
| Total other financing sources (uses) | (101,500) | (101,500) | (101,586) | (86) |
| Net changes in fund balance | \$ (49,562) | \$ (63,823) | \$ 192,735 | \$ 256,558 |

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
POLICE SEIZURE FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011

| | Budget | | Actual | Variance |
|---------------------------------------|-----------------|--------------|---------------|-------------------|
| | Original | Final | GAAP | with |
| | | | Basis | Final |
| | | | | Budget - |
| | | | | Positive |
| | | | | (Negative) |
| REVENUE | | | | |
| Intergovernmental revenue | \$ - | \$ - | \$ 826,165 | \$ 826,165 |
| Investment income | 2,352 | 2,352 | 4,550 | 2,198 |
| Other | - | - | 4,543 | 4,543 |
| Total revenue | 2,352 | 2,352 | 835,258 | 832,906 |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Public safety services | - | - | 240,547 | (240,547) |
| Capital outlay | - | - | 206,537 | (206,537) |
| Total expenditures | - | - | 447,084 | (447,084) |
| Excess of revenues over expenditures | 2,352 | 2,352 | 388,174 | 385,822 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (143) | (143) |
| Total other financing sources (uses) | - | - | (143) | (143) |
| Net change in fund balance | \$ 2,352 | \$ 2,352 | \$ 388,031 | \$ 385,679 |

**CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL COURT FUND - BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Budget</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|--------------------|--------------------|-----------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>GAAP</u> <u>Basis</u> | <u>Final Budget- Positive (Negative)</u> |
| REVENUE | | | | |
| Fines and forfeitures | \$ 227,000 | \$ 227,000 | \$ 210,454 | \$ (16,546) |
| Investment income | 935 | 935 | - | (935) |
| Total revenues | <u>227,935</u> | <u>227,935</u> | <u>210,454</u> | <u>(17,481)</u> |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Public safety | 181,794 | 212,754 | 203,929 | 8,825 |
| Capital outlay | 100,000 | 85,679 | 34,147 | 51,532 |
| Total expenditures | <u>281,794</u> | <u>298,433</u> | <u>238,076</u> | <u>60,357</u> |
| Excess (deficiency) of revenues over (under) expenditures | (53,859) | (70,498) | (27,622) | 42,876 |
| Net change in fund balance | <u>\$ (53,859)</u> | <u>\$ (70,498)</u> | <u>\$ (27,622)</u> | <u>\$ 42,876</u> |

**CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
CABLE OPERATIONS FUND - BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Budget | | Actual | Variance with |
|---|--------------------|--------------------|-----------------------|--|
| | Original | Final | GAAP Basis | Final Budget- Positive (Negative) |
| REVENUE | | | | |
| Investment income | \$ 594 | \$ 594 | \$ - | \$ (594) |
| Other | 221,200 | 221,200 | 268,005 | 46,805 |
| Total revenue | <u>221,794</u> | <u>221,794</u> | <u>268,005</u> | <u>46,211</u> |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Support services | 187,234 | 200,113 | 186,880 | 13,233 |
| Capital outlay | 57,000 | 64,632 | 28,803 | 35,829 |
| Total expenditures | <u>244,234</u> | <u>264,745</u> | <u>215,683</u> | <u>49,062</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>(22,440)</u> | <u>(42,951)</u> | <u>52,322</u> | <u>95,273</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (285) | (285) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(285)</u> | <u>(285)</u> |
| Net change in fund balance | <u>\$ (22,440)</u> | <u>\$ (42,951)</u> | <u>\$ 52,037</u> | <u>\$ 94,988</u> |

**CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
CRIME TAX SALES TAX FUND - BUDGET TO ACTUAL COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Budget | | Actual | Variance with |
|---|-----------------|----------------|-----------------------|--|
| | Original | Final | GAAP Basis | Final Budget- Positive (Negative) |
| REVENUE | | | | |
| Sales tax | \$ 4,469,286 | \$ 4,469,286 | \$ 5,121,697 | \$ 652,411 |
| Investment Income | 24,555 | 24,555 | - | (24,555) |
| Total revenue | 4,493,841 | 4,493,841 | 5,121,697 | 627,856 |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal retirement | 2,080,000 | 6,445,000 | 6,445,000 | - |
| Interest expense | 1,675,277 | 744,335 | 744,335 | - |
| Total expenditures | 3,755,277 | 7,189,335 | 7,189,335 | - |
| Excess (deficiency) of revenues over (under) expenditures | 738,564 | (2,695,494) | (2,067,638) | 627,856 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers Out | - | - | (9,991) | (9,991) |
| Total other financing sources (uses) | - | - | (9,991) | (9,991) |
| Net change in fund balance | \$ 738,564 | \$ (2,695,494) | \$ (2,077,629) | \$ 617,865 |

COMBINING FINANCIAL STATEMENTS

NON-MAJOR ENTERPRISE FUNDS

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

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

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
SEPTEMBER 30, 2011**

| | Municipal Airport | Municipal Golf | Storm Water Utility | Solid Waste | Total Nonmajor Enterprise Funds |
|---|------------------------------|---------------------------|--------------------------------|----------------------|--|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 1,019,614 | \$ 189,213 | \$ 43,479 | \$ 2,450,895 | \$ 3,703,201 |
| Investments | 2,091,649 | 158,885 | 2,203,367 | 11,239,614 | 15,693,515 |
| Accounts receivables | 459,953 | - | 307,528 | 455,141 | 1,222,622 |
| Prepaid | - | 11,562 | - | - | 11,562 |
| Inventories and supplies | 59,607 | - | - | - | 59,607 |
| Deferred charges | - | 16,454 | - | - | 16,454 |
| Current restricted assets: | | | | | |
| Cash and cash equivalents | 183,871 | - | - | 806 | 184,677 |
| Investments | - | 383,015 | - | - | 383,015 |
| Total current assets | <u>3,814,694</u> | <u>759,129</u> | <u>2,554,374</u> | <u>14,146,456</u> | <u>21,274,653</u> |
| Capital assets: | | | | | |
| Land | 183,923 | 568,284 | 7,500 | 1,748,378 | 2,508,085 |
| Buildings | 5,417,954 | 1,854,835 | - | 1,353,712 | 8,626,501 |
| Equipment | 632,995 | 1,255,001 | 12,590 | 5,581,472 | 7,482,058 |
| Infrastructure | 7,623,221 | 9,931,537 | 4,540,798 | 8,261,545 | 30,357,101 |
| Construction in progress | 190,966 | - | 147,491 | 1,274,355 | 1,612,812 |
| Less accumulated depreciation | <u>(5,631,544)</u> | <u>(7,133,826)</u> | <u>(2,589,758)</u> | <u>(6,357,630)</u> | <u>(21,712,758)</u> |
| Total capital assets | <u>8,417,515</u> | <u>6,475,831</u> | <u>2,118,621</u> | <u>11,861,832</u> | <u>28,873,799</u> |
| Total assets | <u>12,232,209</u> | <u>7,234,960</u> | <u>4,672,995</u> | <u>26,008,288</u> | <u>50,148,452</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 70,595 | 66,537 | 112,997 | 520,066 | 770,195 |
| Accrued liabilities | 20,452 | 19,023 | 12,866 | 366,909 | 419,250 |
| Accrued compensated absences | 16,911 | 39,270 | 13,523 | 72,720 | 142,424 |
| Unearned revenue | 223,031 | - | - | - | 223,031 |
| Current liabilities payable from restricted assets: | | | | | |
| Customer deposits | 62,567 | - | - | 806 | 63,373 |
| Accrued liabilities | 11,304 | 35,043 | - | - | 46,347 |
| Current portion of long term debt | 110,000 | 347,972 | - | - | 457,972 |
| Total current liabilities | <u>514,860</u> | <u>507,845</u> | <u>139,386</u> | <u>960,501</u> | <u>2,122,592</u> |
| Noncurrent liabilities: | | | | | |
| Accrued compensated absences | 19,388 | - | - | - | 19,388 |
| Closure and post closure liability | - | - | - | 5,317,993 | 5,317,993 |
| Long term debt | 1,810,000 | 6,076,835 | - | - | 7,886,835 |
| Total noncurrent liabilities | <u>1,829,388</u> | <u>6,076,835</u> | <u>-</u> | <u>5,317,993</u> | <u>13,224,216</u> |
| Total liabilities | <u>2,344,248</u> | <u>6,584,680</u> | <u>139,386</u> | <u>6,278,494</u> | <u>15,346,808</u> |
| NET ASSETS | | | | | |
| Invested in capital assets (net of related debt) | 6,497,515 | 51,024 | 2,118,622 | 11,861,832 | 20,528,993 |
| Unassigned | 3,390,446 | 599,256 | 2,414,987 | 7,867,962 | 14,272,651 |
| Total net assets | <u>\$ 9,887,961</u> | <u>\$ 650,280</u> | <u>\$ 4,533,609</u> | <u>\$ 19,729,794</u> | <u>\$ 34,801,644</u> |

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENSE, AND
CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Municipal Airport | Municipal Golf | Storm Water Utility | Solid Waste | Total Nonmajor Enterprise Funds |
|--|------------------------------|---------------------------|--------------------------------|----------------------|--|
| OPERATING REVENUE | | | | | |
| Sales to customers | \$ 1,474,951 | \$ 2,241,837 | \$ 5,015,547 | \$ 10,232,211 | \$ 18,964,546 |
| Miscellaneous | 2,316,626 | 2,519 | - | 91,730 | 2,410,875 |
| Total operating revenue | <u>3,791,577</u> | <u>2,244,356</u> | <u>5,015,547</u> | <u>10,323,941</u> | <u>21,375,421</u> |
| OPERATING EXPENSE | | | | | |
| Personal services | 337,699 | 896,213 | 388,462 | 2,082,581 | 3,704,955 |
| Supplies | 1,200,797 | 329,226 | 32,167 | 579,173 | 2,141,363 |
| Purchased services | 616,065 | 1,379,189 | 493,499 | 4,468,820 | 6,957,573 |
| Miscellaneous | 59,244 | 34,986 | 129,462 | 433,261 | 656,953 |
| Depreciation | 438,408 | 579,173 | 214,139 | 804,088 | 2,035,808 |
| Franchise fee | - | - | 200,578 | 306,168 | 506,746 |
| General and administrative costs | 57,803 | - | 72,391 | 321,341 | 451,535 |
| Total operating expense | <u>2,710,016</u> | <u>3,218,787</u> | <u>1,530,698</u> | <u>8,995,432</u> | <u>16,454,933</u> |
| Operating income (loss) | <u>1,081,561</u> | <u>(974,431)</u> | <u>3,484,849</u> | <u>1,328,509</u> | <u>4,920,488</u> |
| NONOPERATING REVENUE (EXPENSE) | | | | | |
| Loss on sale of capital assets | - | - | - | (339,861) | (339,861) |
| Interest expense | (94,443) | (284,898) | - | - | (379,341) |
| Total nonoperating revenue (expense) | <u>(94,443)</u> | <u>(284,898)</u> | <u>-</u> | <u>(339,861)</u> | <u>(719,202)</u> |
| Income (loss) before transfers | 987,118 | (1,259,329) | 3,484,849 | 988,648 | 4,201,286 |
| Transfers in | 767,031 | 1,105,826 | - | 1,849,967 | 3,722,824 |
| Transfers out | (772,501) | (405) | (3,907,431) | (2,545,091) | (7,225,428) |
| Change in net assets | 981,648 | (153,908) | (422,582) | 293,524 | 698,682 |
| Net assets - beginning of year | 8,906,313 | 804,188 | 4,956,191 | 19,098,606 | 33,765,298 |
| Change in accounting principle | - | - | - | 337,664 | 337,664 |
| Restated Net Assets -beginning of year | 8,906,313 | 804,188 | 4,956,191 | 19,436,270 | 34,102,962 |
| Net assets - end of year | <u>\$ 9,887,961</u> | <u>\$ 650,280</u> | <u>\$ 4,533,609</u> | <u>\$ 19,729,794</u> | <u>\$ 34,801,644</u> |

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Municipal Airport | Municipal Golf | Storm Water Utility | Solid Waste | Total Nonmajor Enterprise Funds |
|--|------------------------------|---------------------------|--------------------------------|---------------------|--|
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 3,335,591 | \$ 2,241,837 | \$ 5,030,944 | \$ 10,246,711 | \$ 20,855,083 |
| Cash received from intergovernmental | 56,991 | - | - | - | 56,991 |
| Cash payments to suppliers for goods and services | (1,819,241) | (1,729,466) | (611,302) | (5,021,992) | (9,182,001) |
| Cash payments to employees for services | (328,074) | (895,116) | (389,402) | (2,087,157) | (3,699,749) |
| Cash payments to other funds for services | (28,169) | (34,986) | (255,470) | (355,434) | (674,059) |
| Other operating cash receipts (payments) | (40,129) | 2,519 | (74,552) | (284,903) | (397,065) |
| Net cash provided by (used in) operating activities | <u>1,176,969</u> | <u>(415,212)</u> | <u>3,700,218</u> | <u>2,497,225</u> | <u>6,959,200</u> |
| Cash flows from non-capital financing activities: | | | | | |
| Transfers from other funds | 767,031 | 1,105,826 | - | 1,849,967 | 3,722,824 |
| Transfers to other funds | (772,501) | (405) | (3,907,431) | (2,545,090) | (7,225,427) |
| Net cash provided by (used in) noncapital financing activities | <u>(5,470)</u> | <u>1,105,421</u> | <u>(3,907,431)</u> | <u>(695,123)</u> | <u>(3,502,603)</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Capital outlays | 252,210 | 148,288 | (306,340) | (989,711) | (895,553) |
| Proceeds from capital assets disposals | - | - | - | 837 | 837 |
| Interest paid on bonds and line of credit | (93,445) | (292,898) | 314 | 3,113 | (382,916) |
| Repayment of principal on bonds | (105,000) | (320,669) | - | - | (425,669) |
| Net cash (used in) capital and related financing activities | <u>53,765</u> | <u>(465,279)</u> | <u>(306,026)</u> | <u>(985,761)</u> | <u>(1,703,301)</u> |
| Cash flows from investing activities: | | | | | |
| Sale of investments | 1,478,829 | 345,735 | 3,437,943 | 12,933,777 | 18,196,284 |
| (Purchase) of investments | (2,876,855) | (745,330) | (3,030,512) | (15,458,973) | (22,111,670) |
| Net cash provided by (used in) investing activities | <u>(1,398,026)</u> | <u>(399,595)</u> | <u>407,431</u> | <u>(2,525,196)</u> | <u>(3,915,386)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(172,762)</u> | <u>(174,665)</u> | <u>(105,808)</u> | <u>(1,708,855)</u> | <u>(2,162,090)</u> |
| Cash and cash equivalents - beginning of year | <u>1,376,247</u> | <u>363,878</u> | <u>149,287</u> | <u>4,160,556</u> | <u>6,049,968</u> |
| Cash and cash equivalents - end of year | <u>\$ 1,203,485</u> | <u>\$ 189,213</u> | <u>\$ 43,479</u> | <u>\$ 2,451,701</u> | <u>\$ 3,887,878</u> |
| Reconciliation of income (loss) from operations to net cash provided by operating activities: | | | | | |
| Net operating income (loss) | \$ 1,081,561 | \$ (974,431) | \$ 3,484,849 | \$ 1,328,509 | \$ 4,920,488 |
| Adjustments to net operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Depreciation and amortization | 438,408 | 579,173 | 214,139 | 804,088 | 2,035,808 |
| (Increase) decrease in other accounts receivable | (401,986) | - | 15,397 | 14,500 | (372,089) |
| (Increase) in inventories and supplies | (7,885) | - | - | - | (7,885) |
| Increase (decrease) in accounts payable | 61,103 | 9,246 | (7,892) | 111,474 | 173,931 |
| Increase (decrease) in other accrued liabilities | 4,094 | (30,296) | (5,335) | 243,231 | 211,694 |
| Increase in customer deposits | 2,990 | - | - | - | 2,990 |
| (Decrease) in deferred revenue | (10,942) | - | - | - | (10,942) |
| Increase (decrease) in accrued compensated absences | 9,626 | 1,096 | (940) | (4,577) | 5,205 |
| Net cash provided (used) by operating activities | <u>\$ 1,176,969</u> | <u>\$ (415,212)</u> | <u>\$ 3,700,218</u> | <u>\$ 2,497,225</u> | <u>\$ 6,959,200</u> |

COMBINING FINANCIAL STATEMENTS

INTERNAL SERVICE FUNDS

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

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

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
SEPTEMBER 30, 2011**

| | <u>Equipment Services</u> | <u>Risk Management</u> | <u>Total Internal Service Funds</u> |
|--|-------------------------------|----------------------------|---|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 50,438 | \$ 8,384,617 | \$ 8,435,055 |
| Investments | 220,216 | 6,300,987 | 6,521,203 |
| Prepays | - | 27,099 | 27,099 |
| Inventories and supplies | 188,770 | - | 188,770 |
| Current restricted assets: | | | |
| Cash and cash equivalents | - | 16,546 | 16,546 |
| Total current assets | <u>459,424</u> | <u>14,729,249</u> | <u>15,188,673</u> |
| Capital assets: | | | |
| Land | 737,566 | - | 737,566 |
| Buildings | 1,477,875 | - | 1,477,875 |
| Equipment | 1,994,671 | 23,467 | 2,018,138 |
| Infrastructure | 16,672 | - | 16,672 |
| Less accumulated depreciation | <u>(3,370,226)</u> | <u>(598)</u> | <u>(3,370,824)</u> |
| Total noncurrent assets | <u>856,558</u> | <u>22,869</u> | <u>879,427</u> |
| Total assets | <u>1,315,982</u> | <u>14,752,118</u> | <u>16,068,100</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts Payable | 65,962 | 110,852 | 176,814 |
| Other accrued liabilities | 15,900 | 3,419,547 | 3,435,447 |
| Accrued compensated absences | 25,525 | 7,081 | 32,606 |
| Total current liabilities | <u>107,387</u> | <u>3,537,480</u> | <u>3,644,867</u> |
| Noncurrent liabilities: | | | |
| Accrued compensated absences | - | 1,539 | 1,539 |
| Total noncurrent liabilities | <u>-</u> | <u>1,539</u> | <u>1,539</u> |
| Total liabilities | <u>107,387</u> | <u>3,539,019</u> | <u>3,646,406</u> |
| NET ASSETS | | | |
| Invested in capital assets (net of related debt) | 856,558 | 22,869 | 879,427 |
| Unrestricted | <u>352,037</u> | <u>11,190,230</u> | <u>11,542,267</u> |
| Total net assets | <u>\$ 1,208,595</u> | <u>\$ 11,213,099</u> | <u>\$ 12,421,694</u> |

**CITY OF GRAND PRAIRIE, TEXAS
COMBINING STATEMENT OF REVENUE, EXPENSE, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Equipment Services</u> | <u>Risk Management</u> | <u>Total Internal Service Funds</u> |
|--|-------------------------------|----------------------------|---|
| OPERATING REVENUE | | | |
| Sales to customers | \$ 4,211,774 | \$ - | \$ 4,211,774 |
| Intergovernmental revenue | - | 14,050,606 | 14,050,606 |
| Miscellaneous | - | 2,483 | 2,483 |
| Total operating revenue | <u>4,211,774</u> | <u>14,053,089</u> | <u>18,264,863</u> |
| OPERATING EXPENSE | | | |
| Personnel services | 958,986 | 210,369 | 1,169,355 |
| Supplies | 2,912,822 | 2,186 | 2,915,008 |
| Purchased services | 494,904 | 408,079 | 902,983 |
| Insurance costs | - | 14,418,717 | 14,418,717 |
| Miscellaneous | 27,775 | 111,215 | 138,990 |
| Depreciation | 36,816 | 598 | 37,414 |
| Total operating expense | <u>4,431,303</u> | <u>15,151,164</u> | <u>19,582,467</u> |
| Operating income (loss) | <u>(219,529)</u> | <u>(1,098,075)</u> | <u>(1,317,604)</u> |
| NONOPERATING REVENUE (EXPENSE) | | | |
| Gain on sale of capital assets | 1,586 | - | 1,586 |
| Total nonoperating revenue | <u>1,586</u> | <u>-</u> | <u>1,586</u> |
| Income (loss) before contributions and transfers | (217,943) | (1,098,075) | (1,316,018) |
| Transfers out | (914) | (30,251) | (31,165) |
| Change in net assets | <u>(218,857)</u> | <u>(1,128,326)</u> | <u>(1,347,183)</u> |
| Net assets- beginning of year | 1,427,452 | 12,266,073 | 13,693,525 |
| Change in accounting principle | - | 75,352 | 75,352 |
| Restated Net Assets -beginning of year | 1,427,452 | 12,341,425 | 13,768,877 |
| Net assets - end of year | <u>\$ 1,208,595</u> | <u>\$ 11,213,099</u> | <u>\$ 12,421,694</u> |

**CITY OF GRAND PRAIRIE, TEXAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Equipment Services</u> | <u>Risk Management</u> | <u>Internal Service Funds</u> |
|---|-------------------------------|----------------------------|---------------------------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 4,213,670 | \$ 14,032,810 | \$ 18,246,480 |
| Cash paid to other funds for services | (88,484) | (46,931) | (135,415) |
| Cash payments to suppliers for goods and services | (3,423,671) | (14,797,564) | (18,221,235) |
| Cash payments to employees for services | (958,269) | (212,300) | (1,170,569) |
| Net cash provided by operating activities | <u>(256,754)</u> | <u>(1,023,985)</u> | <u>(1,280,739)</u> |
| Cash flows from non-capital financing activities: | | | |
| Transfers to other funds | (914) | (30,251) | (31,165) |
| Net cash provided by noncapital financing activities | <u>(914)</u> | <u>(30,251)</u> | <u>(31,165)</u> |
| Cash flows from capital and related financing activities: | | | |
| Capital outlays | (11,949) | (23,467) | (35,416) |
| Proceeds from capital assets disposals | 1,587 | - | 1,587 |
| Net cash (used in) capital and related financing activities | <u>(10,362)</u> | <u>(23,467)</u> | <u>(33,829)</u> |
| Cash flows from investing activities | | | |
| Sale of investments | 403,799 | 12,993,195 | 13,396,994 |
| (Purchase) of investments | (302,885) | (8,666,382) | (8,969,267) |
| Net cash provided by (used in) investing activities | <u>100,914</u> | <u>4,326,813</u> | <u>4,427,727</u> |
| Net increase (decrease) in cash and cash equivalents | (167,116) | 3,249,110 | 3,081,994 |
| Cash and cash equivalents - beginning of year | <u>217,554</u> | <u>5,152,053</u> | <u>5,369,607</u> |
| Cash and cash equivalents - end of year | <u>\$ 50,438</u> | <u>\$ 8,401,163</u> | <u>\$ 8,451,601</u> |
| Reconciliation of income (loss) from operations to net cash provided (used) by operating activities: | | | |
| Net operating income (loss) | \$ (219,529) | \$ (1,098,075) | \$ (1,317,604) |
| Adjustments to net operating income (loss) to net cash provided (used) by operating activities: | | | |
| Depreciation and amortization | 36,816 | 597 | 37,413 |
| Change in assets and liabilities: | | | |
| Other accounts receivable | 1,899 | (20,282) | (18,383) |
| Inventories and supplies | (81,854) | - | (81,854) |
| Accounts payable | 5,196 | 95,705 | 100,901 |
| Accrued compensated absences | 718 | (1,930) | (1,212) |
| Net cash provided (used) by operating activities | <u>\$ (256,754)</u> | <u>\$ (1,023,985)</u> | <u>\$ (1,280,739)</u> |

CAPITAL ASSETS OF GOVERNMENTAL FUNDS



**CITY OF GRAND PRAIRIE, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE (SEE NOTE BELOW)
 AS OF SEPTEMBER 30, 2011**

Governmental funds capital assets:

| | |
|---|------------------------------|
| Land | \$ 33,525,005 |
| Buildings | 175,910,918 |
| Equipment | 78,993,154 |
| Infrastructure | 491,320,009 |
| Construction in progress | <u>37,359,555</u> |
| Total governmental funds capital assets | <u><u>\$ 817,108,641</u></u> |

Investment in governmental funds capital assets by source:

| | |
|------------------------|------------------------------|
| Capital projects funds | \$ 37,359,555 |
| General Fund | 745,743,689 |
| Special revenue funds | 2,894,181 |
| Private and other | <u>31,111,216</u> |
| Total investment | <u><u>\$ 817,108,641</u></u> |

Note:

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

CITY OF GRAND PRAIRIE, TEXAS
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (SEE NOTE BELOW)
AS OF SEPTEMBER 30, 2011

| Function and Activity | Land | Building | Equipment | Infrastructure | Total |
|---|----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| Support Services: | | | | | |
| City Council | \$ - | \$ 10,000 | \$ - | \$ - | \$ 10,000 |
| City Manager | 388,520 | 2,724,122 | 580,708 | 154,048 | 3,847,398 |
| Budget | - | 39,949 | 10,000 | - | 49,949 |
| City Secretary | - | - | 83,944 | - | 83,944 |
| City Attorney | - | 14,449 | 138,936 | - | 153,385 |
| Human Resources | - | 248,294 | 598,345 | - | 846,639 |
| Information Systems | - | 6,750 | 6,129,464 | 643,869 | 6,780,083 |
| Finance | 154,695 | - | 231,187 | 21,082,954 | 21,468,836 |
| Total support services | <u>543,215</u> | <u>3,043,564</u> | <u>7,772,584</u> | <u>21,880,871</u> | <u>33,240,234</u> |
| Public Safety: | | | | | |
| Fire | 883,320 | 12,136,303 | 15,679,542 | 1,398,629 | 30,097,794 |
| Police | 725,971 | 55,692,186 | 22,752,575 | 820,079 | 79,990,811 |
| Environmental Health | 132,862 | 3,754,122 | 800,472 | 191,883 | 4,879,339 |
| Municipal Court | 186,003 | 2,261,062 | 572,931 | 143,016 | 3,163,012 |
| Total public safety | <u>1,928,156</u> | <u>73,843,673</u> | <u>39,805,520</u> | <u>2,553,607</u> | <u>118,130,956</u> |
| Recreation and Leisure: | | | | | |
| Parks and Recreation | 15,611,133 | 63,384,143 | 9,231,669 | 59,897,171 | 148,124,116 |
| Library | 49,904 | 7,016,694 | 4,384,623 | 432,969 | 11,884,190 |
| Total recreation and leisure | <u>15,661,037</u> | <u>70,400,837</u> | <u>13,616,292</u> | <u>60,330,140</u> | <u>160,008,306</u> |
| Development Services: | | | | | |
| Planning | - | 143,332 | 52,500 | 67,940 | 263,772 |
| Building inspections | - | - | 342,835 | - | 342,835 |
| Economic Development | - | 20,000 | 16,031 | 461,589 | 497,620 |
| Housing & Community Development | 712,737 | 260,232 | 481,465 | 1,044,571 | 2,499,005 |
| Public Works | 13,430,960 | 625,908 | 817,838 | 214,176,512 | 229,051,218 |
| Transportation | 110,733 | 18,132 | 8,367,702 | 11,936,958 | 20,433,525 |
| Streets | - | - | 7,720,387 | 178,867,821 | 186,588,208 |
| Contingency | 1,138,167 | 27,555,240 | - | - | 28,693,407 |
| Total development services | <u>15,392,597</u> | <u>28,622,844</u> | <u>17,798,758</u> | <u>406,555,391</u> | <u>468,369,590</u> |
| Total | <u>\$ 33,525,005</u> | <u>\$ 175,910,918</u> | <u>\$ 78,993,154</u> | <u>\$ 491,320,009</u> | <u>\$ 779,749,086</u> |
| Construction in Progress | | | | | <u>37,359,555</u> |
| Total governmental funds capital assets | | | | | <u>\$ 817,108,641</u> |

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

CITY OF GRAND PRAIRIE, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS BY FUNCTION AND ACTIVITY (SEE NOTE BELOW)
FOR YEAR ENDED SEPTEMBER 30, 2011

| Function and Activity | Balance October 1, 2010 | Additions/ Completions | Disposals/ Reclassifications | Balance September 30, 2011 |
|---|------------------------------------|-----------------------------------|---|---------------------------------------|
| Support Services: | | | | |
| City Council | \$ 10,000 | \$ - | \$ - | \$ 10,000 |
| City Manager | 2,131,770 | 1,715,628 | - | 3,847,398 |
| Budget | 49,949 | - | - | 49,949 |
| City Secretary | 83,944 | - | - | 83,944 |
| City Attorney | 153,385 | - | - | 153,385 |
| Human Resources | 598,345 | 248,294 | - | 846,639 |
| Information Systems | 4,271,394 | 2,508,689 | - | 6,780,083 |
| Finance | 17,337,234 | 4,131,602 | - | 21,468,836 |
| Total support services | <u>24,636,021</u> | <u>8,604,213</u> | <u>-</u> | <u>33,240,234</u> |
| Public Safety: | | | | |
| Fire | 27,202,969 | 2,894,825 | - | 30,097,794 |
| Police | 80,321,527 | - | (330,716) | 79,990,811 |
| Environmental Health | 4,362,764 | 516,575 | - | 4,879,339 |
| Municipal Court | 3,107,276 | 55,736 | - | 3,163,012 |
| Total public safety | <u>114,994,536</u> | <u>3,467,136</u> | <u>(330,716)</u> | <u>118,130,956</u> |
| Recreation and Leisure: | | | | |
| Parks and Recreation | 142,027,126 | 6,096,990 | - | 148,124,116 |
| Library | 9,841,488 | 2,042,702 | - | 11,884,190 |
| Total recreation and leisure | <u>151,868,614</u> | <u>8,139,692</u> | <u>-</u> | <u>160,008,306</u> |
| Development Services: | | | | |
| Planning | 263,772 | - | - | 263,772 |
| Building Inspection | 76,950 | 265,885 | - | 342,835 |
| Economic Development | 481,589 | 16,031 | - | 497,620 |
| Housing & Community Development | 2,642,796 | - | (143,791) | 2,499,005 |
| Public Works | 187,339,042 | 41,712,176 | - | 229,051,218 |
| Transportation | 10,835,620 | 9,597,906 | - | 20,433,526 |
| Streets | 170,913,484 | 15,674,723 | - | 186,588,207 |
| Contingency | 28,687,287 | 6,120 | - | 28,693,407 |
| Total development services | <u>401,240,540</u> | <u>67,272,841</u> | <u>(143,791)</u> | <u>468,369,590</u> |
| Construction in progress | <u>123,933,812</u> | <u>11,325,445</u> | <u>(97,899,702)</u> | <u>37,359,555</u> |
| Total governmental funds capital assets | <u>\$ 816,673,523</u> | <u>\$ 98,809,327</u> | <u>\$ (98,374,209)</u> | <u>\$ 817,108,641</u> |

Note:

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



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SUPPLEMENTAL SCHEDULES



SUPPLEMENTAL SCHEDULES

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

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING BALANCE SHEET
 PARK VENUE FUND
 SEPTEMBER 30, 2011**

| | <u>Operating</u> | <u>Capital Projects</u> | <u>Rainy Day</u> | <u>Total Park Venue</u> |
|-------------------------------------|---------------------|-----------------------------|------------------|---------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,605,691 | \$ 332,921 | \$ 17,391 | \$ 4,956,003 |
| Investment | - | 1,723,344 | - | 1,723,344 |
| Sales Tax Receivable | 1,156,547 | - | - | 1,156,547 |
| Other Receivable | 48,441 | - | - | 48,441 |
| Total assets | <u>5,810,679</u> | <u>2,056,265</u> | <u>17,391</u> | <u>7,884,335</u> |
| LIABILITIES AND FUND BALANCE | | | | |
| Liabilities : | | | | |
| Accounts payable | 404,181 | 50,355 | - | 454,536 |
| Accrued liabilities | 99,203 | - | - | 99,203 |
| Customer deposits | 21,354 | - | - | 21,354 |
| Deferred revenue | 119,617 | - | - | 119,617 |
| Total liabilities | <u>644,355</u> | <u>50,355</u> | <u>-</u> | <u>694,710</u> |
| Fund Balance: | | | | |
| Restricted | 5,166,324 | 2,005,910 | 17,391 | 7,189,625 |
| Total fund balance | <u>5,166,324</u> | <u>2,005,910</u> | <u>17,391</u> | <u>7,189,625</u> |
| Total liabilities and fund balance | <u>\$ 5,810,678</u> | <u>\$ 2,056,265</u> | <u>\$ 17,391</u> | <u>\$ 7,884,335</u> |

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
PARK VENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Operating</u> | <u>Capital Projects</u> | <u>Rainy Day</u> | <u>Total Park Venue</u> |
|---|---------------------|-----------------------------|------------------|---------------------------------|
| REVENUE | | | | |
| Sales tax | \$ 5,313,584 | \$ - | \$ - | \$ 5,313,584 |
| Charges for goods and services | 2,480,200 | - | - | 2,480,200 |
| Contributions | 173,046 | - | - | 173,046 |
| Miscellaneous | 642,706 | - | - | 642,706 |
| Total revenue | <u>8,609,536</u> | <u>-</u> | <u>-</u> | <u>8,609,536</u> |
| EXPENDITURES | | | | |
| Current operations: | | | | |
| Recreation and leisure services | 11,675,093 | 170,286 | - | 11,845,379 |
| Capital outlay | 68,075 | 747,913 | - | 815,988 |
| Debt service: | | | | |
| Principal retirement | 970,000 | - | - | 970,000 |
| Interest expense | 1,094,924 | - | - | 1,094,924 |
| Total expenditures | <u>13,808,092</u> | <u>918,199</u> | <u>-</u> | <u>14,726,291</u> |
| Excess (deficiency) of revenue over (under) expenditures | <u>(5,198,556)</u> | <u>(918,199)</u> | <u>-</u> | <u>(6,116,755)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 6,913,871 | 600,000 | - | 7,513,871 |
| Transfers out | (1,400,693) | (6,347) | - | (1,407,040) |
| Total other financing sources | <u>5,513,178</u> | <u>593,653</u> | <u>-</u> | <u>6,106,831</u> |
| Change in fund balance | 314,622 | (324,546) | - | (9,924) |
| Fund balance - beginning of year | 4,851,702 | 2,330,456 | 17,391 | 7,199,549 |
| Fund balance - end of year | <u>\$ 5,166,324</u> | <u>\$ 2,005,910</u> | <u>\$ 17,391</u> | <u>\$ 7,189,625</u> |

Interfund transfers in/out between the Operating fund and Capital Projects fund are eliminated on the Statement of Revenue, Expenditures, and Change in Fund Balance.

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF NET ASSETS
 WATER AND WASTEWATER FUND
 SEPTEMBER 30, 2011**

| | Operating | Debt Service | Water Capital Projects | Rate Stabilization | Wastewater Capital Projects | Water/Wastewater Projects | Water/Wastewater Capital Reserve | Total Water Wastewater |
|---|----------------|--------------|------------------------|--------------------|-----------------------------|---------------------------|----------------------------------|------------------------|
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 1,477,996 | \$ 200,659 | \$ 90,715 | \$ 259,976 | \$ 6,705,576 | \$ 1,070,953 | \$ 2,810 | \$ 9,808,685 |
| Investments | 12,896,388 | 410,239 | 10,911,021 | 2,868,432 | 4,363,512 | - | 73,031 | 31,522,623 |
| Accounts receivable | 4,358,684 | - | - | - | - | - | - | 4,358,684 |
| Inventories and supplies | 552,611 | - | - | - | - | - | - | 552,611 |
| Deferred charges | 925,837 | - | - | - | - | - | - | 925,837 |
| Current restricted assets: | | | | | | | | |
| Cash and cash equivalents | 6,553,484 | - | 4,894,694 | - | - | - | - | 11,448,178 |
| Investments | - | 3,988,491 | - | - | - | - | - | 3,988,491 |
| Total current assets | 26,765,000 | 4,599,389 | 15,896,430 | 3,128,408 | 11,069,088 | 1,070,953 | 75,841 | 62,605,109 |
| Capital assets: | | | | | | | | |
| Land | 1,605,299 | - | - | - | - | - | - | 1,605,299 |
| Buildings | 2,361,045 | - | - | - | - | - | - | 2,361,045 |
| Equipment | 17,126,281 | - | - | - | - | - | - | 17,126,281 |
| Improvements other than buildings | 279,135,897 | - | - | - | - | - | - | 279,135,897 |
| Construction in progress | 7,194,198 | - | - | - | - | - | - | 7,194,198 |
| Less: Accumulated depreciation | (128,756,190) | - | - | - | - | - | - | (128,756,190) |
| Total capital assets | 178,666,530 | - | - | - | - | - | - | 178,666,530 |
| Total assets | 205,431,530 | 4,599,389 | 15,896,430 | 3,128,408 | 11,069,088 | 1,070,953 | 75,841 | 241,271,639 |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | 1,588,352 | - | 290,814 | - | 85,212 | - | - | 1,964,378 |
| Accrued liabilities | 206,387 | - | 79,468 | - | 141,758 | - | - | 427,613 |
| Accrued compensated absences | 218,202 | - | - | - | - | - | - | 218,202 |
| Current liabilities payable from restricted assets: | | | | | | | | |
| Customer deposits | 2,673,484 | - | - | - | - | - | - | 2,673,484 |
| Accrued liabilities | - | 511,823 | - | - | - | - | - | 511,823 |
| Current portion of long term debt | 3,880,000 | - | - | - | - | - | - | 3,880,000 |
| Total current liabilities | 8,566,425 | 511,823 | 370,282 | - | 226,970 | - | - | 9,675,500 |
| Noncurrent liabilities | | | | | | | | |
| Long term debt | 58,433,739 | - | - | - | - | - | - | 58,433,739 |
| Total noncurrent liabilities | 58,433,739 | - | - | - | - | - | - | 58,433,739 |
| Total liabilities | 67,000,164 | 511,823 | 370,282 | - | 226,970 | - | - | 68,109,239 |
| NET ASSETS | | | | | | | | |
| Invested in capital assets (net of related debt) | 116,724,014 | - | - | - | - | - | - | 116,724,014 |
| Restricted for debt service | - | 3,988,491 | - | - | - | - | - | 3,988,491 |
| Unrestricted | 21,707,352 | 99,075 | 15,526,148 | 3,128,408 | 10,842,118 | 1,070,953 | 75,841 | 52,449,895 |
| Total net assets | \$ 138,431,366 | \$ 4,087,566 | \$ 15,526,148 | \$ 3,128,408 | \$ 10,842,118 | \$ 1,070,953 | \$ 75,841 | \$ 173,162,400 |

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF REVENUE, EXPENSE AND
 CHANGES IN FUND NET ASSETS
 WATER AND WASTEWATER FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Operating | Debt Service | Water Capital Projects | Rate Stabilization | Wastewater Capital Projects | Water/Wastewater Projects | Water Wastewater Capital Reserve | Total Water Wastewater |
|--|----------------|--------------|------------------------|--------------------|-----------------------------|---------------------------|----------------------------------|------------------------|
| OPERATING REVENUE | | | | | | | | |
| Sales to customers | \$ 33,135,212 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 33,135,212 |
| Wastewater charges to customers | 19,297,083 | - | - | - | - | - | - | 19,297,083 |
| Water and wastewater fees | 1,386,335 | - | - | - | - | - | - | 1,386,335 |
| Wastewater surcharges | 634,476 | - | - | - | - | - | - | 634,476 |
| Miscellaneous | 308,009 | - | - | - | - | - | - | 308,009 |
| Total operating revenue | 54,761,115 | - | - | - | - | - | - | 54,761,115 |
| OPERATING EXPENSE | | | | | | | | |
| Personal Services | 5,931,979 | - | 12,263 | - | - | - | - | 5,944,242 |
| Supplies | 744,444 | - | 619 | - | 203 | - | - | 745,266 |
| Purchased Services | 4,081,645 | - | 672,984 | - | 202,633 | - | - | 4,957,262 |
| Capital outlay | (10,414,938) | - | 7,397,777 | - | 3,017,161 | - | - | - |
| Water purchases | 10,919,425 | - | - | - | - | - | - | 10,919,425 |
| Wastewater treatment | 10,894,876 | - | - | - | - | - | - | 10,894,876 |
| Miscellaneous | 582,420 | - | - | - | - | - | - | 582,420 |
| Depreciation | 10,790,347 | - | - | - | - | - | - | 10,790,347 |
| Franchise fees | 2,092,534 | - | - | - | - | - | - | 2,092,534 |
| General and administrative costs | 3,015,227 | - | - | - | - | - | - | 3,015,227 |
| Principal payment on bonds | (3,940,000) | 3,940,000 | - | - | - | - | - | - |
| Total operating expense | 34,697,959 | 3,940,000 | 8,083,643 | - | 3,219,997 | - | - | 49,941,599 |
| Operating income (loss) | 20,063,156 | (3,940,000) | (8,083,643) | - | (3,219,997) | - | - | 4,819,516 |
| NONOPERATING REVENUE (EXPENSES) | | | | | | | | |
| Investment income (expense) | (72,117) | (2,519,695) | - | - | - | - | - | 6,343 |
| Interest expense | (72,117) | (2,519,695) | 6,343 | - | - | - | - | (2,591,812) |
| Total nonoperating revenue (expenses) | 19,991,039 | (6,459,695) | (8,077,300) | - | (3,219,997) | - | - | 2,234,047 |
| Income (loss) before transfers and contributions | 168,177 | - | 606,421 | - | - | 1,017,779 | - | 1,017,779 |
| Capital contributions-Impact fees | 767,572 | 6,925,000 | 3,639,822 | 100,000 | 501,043 | - | - | 774,598 |
| Transfers in | (12,409,867) | (780,849) | (145,486) | (8,188) | (712,086) | - | (208) | 11,933,437 |
| Transfers out | 8,516,921 | (315,544) | (3,976,543) | 91,812 | (3,431,040) | 1,017,779 | (208) | (14,056,684) |
| Change in fund balance | 129,913,883 | 4,403,110 | 19,502,691 | 3,036,596 | 14,273,158 | 53,174 | 76,049 | 171,258,661 |
| Fund balance - beginning of the year | 562 | - | - | - | - | - | - | 562 |
| Change in accounting principle | 129,914,445 | 4,403,110 | 19,502,691 | 3,036,596 | 14,273,158 | 53,174 | 76,049 | 171,259,223 |
| Restated Net Assets -beginning of the year | \$ 138,431,366 | \$ 4,087,566 | \$ 15,526,148 | \$ 3,128,408 | \$ 10,842,118 | \$ 1,070,953 | \$ 75,841 | \$ 173,162,400 |
| Fund balance - end of the year | | | | | | | | |

Interfund transfers in/out between the Operating fund, Debt Service fund, Water Capital Projects fund, Rate Stabilization fund
 Wastewater Capital Projects fund, Water/Wastewater Projects fund, and Water Wastewater Capital Reserve fund are
 eliminated on the Statement of Revenue, Expenses, and Change in Fund Net Assets, Proprietary Funds.

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS
MUNICIPAL AIRPORT FUND
SEPTEMBER 30, 2011

| ASSETS | Operating | Capital Projects | Grant | Total Municipal Airport |
|--|---------------------|-----------------------------|---------------------|--|
| Current assets: | | | | |
| Cash and cash equivalents | \$ 210,490 | \$ 230,766 | \$ 578,358 | \$ 1,019,614 |
| Investments | 400,000 | 1,691,649 | - | 2,091,649 |
| Accounts receivable | 101,749 | 358,204 | - | 459,953 |
| Inventory and supplies | 59,607 | - | - | 59,607 |
| Current restricted assets: | | | | |
| Cash and cash equivalents | 183,871 | - | - | 183,871 |
| Total current assets | <u>955,717</u> | <u>2,280,619</u> | <u>578,358</u> | <u>3,814,694</u> |
| Capital assets: | | | | |
| Land | 183,923 | - | - | 183,923 |
| Buildings | 4,100,068 | - | 1,317,886 | 5,417,954 |
| Equipment | 616,657 | - | 16,338 | 632,995 |
| Infrastructure | 5,623,221 | - | 2,000,000 | 7,623,221 |
| Construction In Progress | 117,304 | - | 73,662 | 190,966 |
| Less: accumulated depreciation | (5,442,185) | - | (189,359) | (5,631,544) |
| Total capital assets | <u>5,198,988</u> | <u>-</u> | <u>3,218,527</u> | <u>8,417,515</u> |
| Total assets | <u>6,154,705</u> | <u>2,280,619</u> | <u>3,796,885</u> | <u>12,232,209</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 20,725 | - | 49,870 | 70,595 |
| Accrued liabilities | 20,452 | - | - | 20,452 |
| Accrued compensated absences | 16,911 | - | - | 16,911 |
| Deferred revenue | 223,031 | - | - | 223,031 |
| Current liabilities payable from restricted assets: | | | | |
| Customer deposits | 62,567 | - | - | 62,567 |
| Accrued liabilities | 11,304 | - | - | 11,304 |
| Current portion of long-term debt | 110,000 | - | - | 110,000 |
| Total current liabilities | <u>464,990</u> | <u>-</u> | <u>49,870</u> | <u>514,860</u> |
| Noncurrent liabilities: | | | | |
| Accrued compensated absences | 19,388 | - | - | 19,388 |
| Long-term debt less the current portion | 1,810,000 | - | - | 1,810,000 |
| Total noncurrent liabilities | <u>1,829,388</u> | <u>-</u> | <u>-</u> | <u>1,829,388</u> |
| Total liabilities | <u>2,294,378</u> | <u>-</u> | <u>49,870</u> | <u>2,344,248</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 3,278,988 | - | 3,218,527 | 6,497,515 |
| Unrestricted | 581,339 | 2,280,619 | 528,488 | 3,390,446 |
| Total net assets | <u>\$ 3,860,327</u> | <u>\$ 2,280,619</u> | <u>\$ 3,747,015</u> | <u>\$ 9,887,961</u> |

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF REVENUE, EXPENSE AND
 CHANGES IN FUND NET ASSETS
 MUNICIPAL AIRPORT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Operating</u> | <u>Capital Projects</u> | <u>Grant</u> | <u>Total Municipal Airport</u> |
|---------------------------------------|---------------------|-----------------------------|---------------------|--|
| OPERATING REVENUE | | | | |
| Sales to customers | \$ 1,474,951 | \$ - | \$ - | \$ 1,474,951 |
| Miscellaneous | 689,926 | 1,626,700 | - | 2,316,626 |
| Total operating revenue | <u>2,164,877</u> | <u>1,626,700</u> | <u>-</u> | <u>3,791,577</u> |
| OPERATING EXPENSE | | | | |
| Personal services | 337,699 | - | - | 337,699 |
| Supplies | 1,132,541 | - | 68,256 | 1,200,797 |
| Purchased services | 100,672 | 504,681 | 10,712 | 616,065 |
| Miscellaneous | 30,057 | - | 29,187 | 59,244 |
| Capital outlay | 387,378 | (387,378) | - | - |
| Depreciation | 332,382 | - | 106,026 | 438,408 |
| General and administrative costs | 57,803 | - | - | 57,803 |
| Total operating expense | <u>2,378,532</u> | <u>117,303</u> | <u>214,181</u> | <u>2,710,016</u> |
| Operating income (loss) | <u>(213,655)</u> | <u>1,509,397</u> | <u>(214,181)</u> | <u>1,081,561</u> |
| NONOPERATING REVENUE (EXPENSE) | | | | |
| Interest expense | (94,443) | - | - | (94,443) |
| Total nonoperating revenue (expense) | <u>(94,443)</u> | <u>-</u> | <u>-</u> | <u>(94,443)</u> |
| Income (loss) before transfers | (308,098) | 1,509,397 | (214,181) | 987,118 |
| Transfers in | - | 300,000 | 467,031 | 767,031 |
| Transfers out | (303,496) | (469,005) | - | (772,501) |
| Change in net assets | (611,594) | 1,340,392 | 252,850 | 981,648 |
| Net assets - beginning of the year | <u>4,471,921</u> | <u>940,227</u> | <u>3,494,165</u> | <u>8,906,313</u> |
| Net assets - end of the year | <u>\$ 3,860,327</u> | <u>\$ 2,280,619</u> | <u>\$ 3,747,015</u> | <u>\$ 9,887,961</u> |

Transfers in/out between the Airport's Operating fund, Capital Projects fund, and Grant fund are eliminated on the Statement of Revenue, Expenses, and Change in Fund Net Assets, Nonmajor Enterprise Funds.

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS
MUNICIPAL GOLF COURSE FUND
SEPTEMBER 30, 2011**

| | <u>Operating</u> | <u>Capital Projects</u> | <u>Total Municipal Golf</u> |
|---|--------------------|-----------------------------|-------------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 174,501 | \$ 14,712 | \$ 189,213 |
| Investments | 158,885 | - | 158,885 |
| Prepaid | 11,562 | - | 11,562 |
| Deferred charges | 16,454 | - | 16,454 |
| Current restricted assets: | | | |
| Investments | 383,015 | - | 383,015 |
| Total current assets | <u>744,417</u> | <u>14,712</u> | <u>759,129</u> |
| Capital assets: | | | |
| Land | 568,284 | - | 568,284 |
| Buildings | 1,854,835 | - | 1,854,835 |
| Equipment | 1,255,001 | - | 1,255,001 |
| Improvements other than buildings | 9,931,537 | - | 9,931,537 |
| Less: Accumulated depreciation | <u>(7,133,826)</u> | <u>-</u> | <u>(7,133,826)</u> |
| Total capital assets | <u>6,475,831</u> | <u>-</u> | <u>6,475,831</u> |
| Total assets | <u>7,220,248</u> | <u>14,712</u> | <u>7,234,960</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 66,537 | - | 66,537 |
| Accrued liabilities | 19,023 | - | 19,023 |
| Accrued compensated absences | 39,270 | - | 39,270 |
| Current liabilities payable from restricted assets: | | | |
| Accrued liabilities | 35,043 | - | 35,043 |
| Current portion of long term debt | <u>347,972</u> | <u>-</u> | <u>347,972</u> |
| Total current liabilities | <u>507,845</u> | <u>-</u> | <u>507,845</u> |
| Noncurrent liabilities | | | |
| Long term debt | <u>6,076,835</u> | <u>-</u> | <u>6,076,835</u> |
| Total noncurrent liabilities | <u>6,076,835</u> | <u>-</u> | <u>6,076,835</u> |
| Total liabilities | <u>6,584,680</u> | <u>-</u> | <u>6,584,680</u> |
| NET ASSETS | | | |
| Invested in capital assets (net of related debt) | 51,024 | - | 51,024 |
| Unrestricted | <u>584,544</u> | <u>14,712</u> | <u>599,256</u> |
| Total net assets | <u>\$ 635,568</u> | <u>\$ 14,712</u> | <u>\$ 650,280</u> |

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF REVENUE, EXPENSE, AND
 CHANGES IN FUND NET ASSETS
 MUNICIPAL GOLF COURSE FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | <u>Operating</u> | <u>Capital Projects</u> | <u>Total Municipal Golf</u> |
|---------------------------------------|-------------------|-----------------------------|-------------------------------------|
| OPERATING REVENUE | | | |
| Sales to customers | \$ 2,241,837 | \$ - | \$ 2,241,837 |
| Miscellaneous | <u>2,519</u> | <u>-</u> | <u>2,519</u> |
| Total operating revenue | <u>2,244,356</u> | <u>-</u> | <u>2,244,356</u> |
| OPERATING EXPENSE | | | |
| Personal services | 896,213 | - | 896,213 |
| Supplies | 275,393 | 53,833 | 329,226 |
| Purchased services | 1,230,901 | 148,288 | 1,379,189 |
| Capital outlay | 148,288 | (148,288) | - |
| Miscellaneous | 34,986 | - | 34,986 |
| Depreciation | <u>579,173</u> | <u>-</u> | <u>579,173</u> |
| Total operating expense | <u>3,164,954</u> | <u>53,833</u> | <u>3,218,787</u> |
| Operating loss | <u>(920,598)</u> | <u>(53,833)</u> | <u>(974,431)</u> |
| NONOPERATING REVENUE (EXPENSE) | | | |
| Interest expense | <u>(284,898)</u> | <u>-</u> | <u>(284,898)</u> |
| Total nonoperating revenue (expense) | <u>(284,898)</u> | <u>-</u> | <u>(284,898)</u> |
| Loss before transfers | (1,205,496) | (53,833) | (1,259,329) |
| Transfers in | 1,105,826 | - | 1,105,826 |
| Transfers out | <u>(405)</u> | <u>-</u> | <u>(405)</u> |
| Change in net assets | <u>(100,075)</u> | <u>(53,833)</u> | <u>(153,908)</u> |
| Net assets - beginning of year | <u>735,643</u> | <u>68,545</u> | <u>804,188</u> |
| Net assets - end of year | <u>\$ 635,568</u> | <u>\$ 14,712</u> | <u>\$ 650,280</u> |

Interfund transfers in between the Operating fund, and Debt Service fund, are eliminated on the Statement of Revenue, Expenses, and Change in Fund Net Assets, Proprietary Funds.

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF NET ASSETS
 SOLID WASTE FUND
 SEPTEMBER 30, 2011**

| | Operating | Capital Projects | Closure Liability | Equipment Acquisition | Landfill Replacement | Liner Reserve | Total Solid Waste |
|---|--------------|------------------|-------------------|-----------------------|----------------------|---------------|-------------------|
| ASSETS | | | | | | | |
| Current assets: | | | | | | | |
| Cash and cash equivalents | \$ 1,075,749 | \$ 371,035 | \$ 115,821 | \$ 500,565 | \$ 250,798 | \$ 136,927 | \$ 2,450,895 |
| Investment | 1,863,496 | 3,373,979 | 2,486,676 | - | 2,424,536 | 1,090,927 | 11,239,614 |
| Accounts receivable | 455,141 | - | - | - | - | - | 455,141 |
| Current restricted assets | 806 | - | - | - | - | - | 806 |
| Cash and cash equivalents | 3,395,192 | 3,745,014 | 2,602,497 | 500,565 | 2,675,334 | 1,227,854 | 14,146,456 |
| Total current assets | | | | | | | |
| Capital assets: | | | | | | | |
| Land | 1,748,378 | - | - | - | - | - | 1,748,378 |
| Buildings | 1,353,712 | - | - | - | - | - | 1,353,712 |
| Equipment | 5,581,472 | - | - | - | - | - | 5,581,472 |
| Improvements other than buildings | 8,261,545 | - | - | - | - | - | 8,261,545 |
| Construction in progress | 1,274,355 | - | - | - | - | - | 1,274,355 |
| Less accumulated depreciation | (6,357,630) | - | - | - | - | - | (6,357,630) |
| Total capital assets | 11,861,832 | - | - | - | - | - | 11,861,832 |
| Total assets | 15,257,024 | 3,745,014 | 2,602,497 | 500,565 | 2,675,334 | 1,227,854 | 26,008,288 |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | 438,563 | 62,703 | - | - | - | 18,800 | 520,066 |
| Accrued liabilities | 335,924 | 30,985 | - | - | - | - | 366,909 |
| Accrued compensated absences | 72,720 | - | - | - | - | - | 72,720 |
| Current liabilities payable from restricted assets: | | | | | | | |
| Customer deposits | 806 | - | - | - | - | - | 806 |
| Total current liabilities | 848,013 | 93,688 | - | - | - | 18,800 | 960,501 |
| Noncurrent liabilities: | | | | | | | |
| Closure and post closure liability | 5,317,993 | - | - | - | - | - | 5,317,993 |
| Total noncurrent liabilities | 5,317,993 | - | - | - | - | - | 5,317,993 |
| Total liabilities | 6,166,006 | 93,688 | - | - | - | 18,800 | 6,278,494 |
| NET ASSETS | | | | | | | |
| Invested in capital assets (net of related debt) | 11,861,832 | - | - | - | - | - | 11,861,832 |
| Unrestricted | (2,770,814) | 3,651,326 | 2,602,497 | 500,565 | 2,675,334 | 1,209,054 | 7,867,962 |
| Total net assets | \$ 9,091,018 | \$ 3,651,326 | \$ 2,602,497 | \$ 500,565 | \$ 2,675,334 | \$ 1,209,054 | \$ 19,729,794 |

**CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF REVENUE, EXPENSE, AND
CHANGES IN FUND NET ASSETS
SOLID WASTE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Operating | Capital Projects | Closure Liability | Equipment Acquisition | Landfill Replacement | Liner Reserve | Total Solid Waste |
|---|---------------|---------------------|----------------------|--------------------------|-------------------------|------------------|-------------------------|
| OPERATING REVENUE | | | | | | | |
| Sales to customers | \$ 10,232,211 | - | \$ - | \$ - | \$ - | \$ - | \$ 10,232,211 |
| Miscellaneous | 91,730 | - | - | - | - | - | 91,730 |
| Total operating revenue | 10,323,941 | - | - | - | - | - | 10,323,941 |
| OPERATING EXPENSE | | | | | | | |
| Personal Services | 2,082,581 | - | - | - | - | - | 2,082,581 |
| Supplies | 579,173 | - | - | - | - | - | 579,173 |
| Purchased Services | 4,400,533 | 68,287 | - | - | - | - | 4,468,820 |
| Miscellaneous | 433,261 | - | - | - | - | - | 433,261 |
| Capital outlay | (1,003,800) | 409,251 | - | 537,484 | - | 57,065 | - |
| Depreciation | 804,088 | - | - | - | - | - | 804,088 |
| Franchise fee | 306,168 | - | - | - | - | - | 306,168 |
| General and administrative costs | 321,341 | - | - | - | - | - | 321,341 |
| Total operating expense | 7,923,345 | 477,538 | - | 537,484 | - | 57,065 | 8,995,432 |
| Operating income | 2,400,596 | (477,538) | - | (537,484) | - | (57,065) | 1,328,509 |
| NONOPERATING REVENUE (EXPENSE) | | | | | | | |
| Gain (loss) on sale of capital assets | (368,505) | - | - | 28,644 | - | - | (339,861) |
| Total nonoperating revenue (expense) | (368,505) | - | - | 28,644 | - | - | (339,861) |
| Income (loss) before contributions and transfers | 2,032,091 | (477,538) | - | (508,840) | - | (57,065) | 988,648 |
| Transfers in | 124,967 | 675,000 | 175,000 | 575,000 | 100,000 | 200,000 | 1,849,967 |
| Transfers out | (2,524,179) | (7,347) | (5,671) | - | (6,207) | (1,687) | (2,545,091) |
| Change in net assets | (367,121) | 190,115 | 169,329 | 66,160 | 93,793 | 141,248 | 293,524 |
| Net assets - beginning of the year | 9,120,475 | 3,461,211 | 2,433,168 | 434,405 | 2,581,541 | 1,067,806 | 19,098,606 |
| Change in accounting principle | 337,664 | - | - | - | - | - | 337,664 |
| Restated Net Assets -beginning of the year | 9,458,139 | 3,461,211 | 2,433,168 | 434,405 | 2,581,541 | 1,067,806 | 19,436,270 |
| Net assets - end of the year | \$ 9,091,018 | \$ 3,651,326 | \$ 2,602,497 | \$ 500,565 | \$ 2,675,334 | \$ 1,209,054 | \$ 19,729,794 |

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

CITY OF GRAND PRAIRIE, TEXAS
AGGREGATING SCHEDULE OF NET ASSETS
RISK MANAGEMENT FUND
SEPTEMBER 30, 2011

| | <u>Risk Management</u> | <u>Employee Insurance</u> | <u>Total Risk Management</u> |
|--|----------------------------|-------------------------------|--------------------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 550,182 | \$ 7,834,435 | \$ 8,384,617 |
| Investments | 4,297,549 | 2,003,438 | 6,300,987 |
| Prepaid | - | 27,099 | 27,099 |
| Current restricted assets: | | | |
| Cash and cash equivalents | - | 16,546 | 16,546 |
| Total current assets | <u>4,847,731</u> | <u>9,881,518</u> | <u>14,729,249</u> |
| Capital assets: | | | |
| Equipment | 18,327 | 5,140 | 23,467 |
| Less accumulated depreciation | (255) | (343) | (598) |
| Total capital assets | <u>18,072</u> | <u>4,797</u> | <u>22,869</u> |
| Total assets | <u>4,865,803</u> | <u>9,886,315</u> | <u>14,752,118</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 88,592 | 22,260 | 110,852 |
| Accrued liabilities | 2,382,397 | 1,037,150 | 3,419,547 |
| Accrued compensated absences | 3,430 | 3,651 | 7,081 |
| Total current liabilities | <u>2,474,419</u> | <u>1,063,061</u> | <u>3,537,480</u> |
| Noncurrent liabilities: | | | |
| Accrued compensated absences | 1,539 | - | 1,539 |
| Total liabilities | <u>2,475,958</u> | <u>1,063,061</u> | <u>3,539,019</u> |
| NET ASSETS | | | |
| Invested in capital assets (net of related debt) | 18,072 | 4,797 | 22,869 |
| Unrestricted | 2,371,773 | 8,818,457 | 11,190,230 |
| Total net assets | <u>\$ 2,389,845</u> | <u>\$ 8,823,254</u> | <u>\$ 11,213,099</u> |

**CITY OF GRAND PRAIRIE, TEXAS
 AGGREGATING SCHEDULE OF REVENUE, EXPENSE, AND
 CHANGES IN FUND NET ASSETS
 RISK MANAGEMENT FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| | Risk Management | Employee Insurance | Total Risk Management |
|--|----------------------------|-------------------------------|--------------------------------------|
| OPERATING REVENUE | | | |
| Insurance premiums | \$ 3,025,949 | \$ 11,024,657 | \$ 14,050,606 |
| Miscellaneous | - | 2,483 | 2,483 |
| Total operating revenue | <u>3,025,949</u> | <u>11,027,140</u> | <u>14,053,089</u> |
| OPERATING EXPENSE | | | |
| Personal services | 81,095 | 129,274 | 210,369 |
| Supplies | 30 | 2,156 | 2,186 |
| Purchased services | 261,945 | 146,134 | 408,079 |
| Insurance claims | 2,014,632 | 12,404,085 | 14,418,717 |
| Miscellaneous | 53,702 | 57,513 | 111,215 |
| Depreciation | 255 | 343 | 598 |
| Total operating expense | <u>2,411,659</u> | <u>12,739,505</u> | <u>15,151,164</u> |
| Operating income | <u>614,290</u> | <u>(1,712,365)</u> | <u>(1,098,075)</u> |
| Income before transfers | 614,290 | (1,712,365) | (1,098,075) |
| Transfers out | (10,840) | (19,411) | (30,251) |
| Change in net assets | <u>603,450</u> | <u>(1,731,776)</u> | <u>(1,128,326)</u> |
| Net assets - beginning of the year | 1,786,395 | 10,479,678 | 12,266,073 |
| Change in accounting principle | <u>-</u> | <u>75,352</u> | <u>75,352</u> |
| Restated Net Assets -beginning of the year | 1,786,395 | 10,555,030 | 12,341,425 |
| Net assets - end of the year | <u>\$ 2,389,845</u> | <u>\$ 8,823,254</u> | <u>\$ 11,213,099</u> |



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STATISTICAL SECTION



CITY OF GRAND PRAIRIE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011
STATISTICAL SECTION INDEX

(Unaudited)

| <u>Contents</u> | <u>Page</u> |
|---|-------------|
| Financial Trends | |
| <i>These schedules contain trend information regarding how the City's financial performance and well-being have changed over time.</i> | |
| <i>Net Assets by Component</i> | 135 |
| <i>Changes in Net Assets</i> | 136 |
| <i>Fund Balances, Governmental Funds</i> | 138 |
| <i>Change in Fund Balances, Governmental Funds</i> | 139 |
| Revenue Capacity | |
| <i>These schedules contain information regarding the City's most significant local revenue source, the property tax.</i> | |
| <i>Assessed and Estimated Actual Values of Taxable Property</i> | 140 |
| <i>Direct and Overlapping Property Tax Rates</i> | 141 |
| <i>Principal Property Tax Payers</i> | 142 |
| <i>Property Tax Levies and Collections</i> | 143 |
| Debt Capacity | |
| <i>These schedules present information regarding the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i> | |
| <i>Ratios of Outstanding Debt by Type</i> | 144 |
| <i>Ratios of General Bonded Debt Outstanding</i> | 145 |
| <i>Direct and Overlapping Governmental Activities of Debt</i> | 146 |
| <i>Legal Debt Margin Information</i> | 147 |
| <i>Pledged Revenue Coverage</i> | 148 |
| Demographic and Economic Information | |
| <i>These schedules offer demographic and economic indicators regarding the environment within which the City's financial activities take place.</i> | |
| <i>Demographic and Economic Statistics</i> | 149 |
| <i>Principal Employers</i> | 150 |
| <i>Full-time-equivalent City Government Employees by Function/Program</i> | 151 |
| Operating Information | |
| <i>These schedules contain service and infrastructure data regarding how the information in the City's financial report relates to the services the government provides and the activities it performs.</i> | |
| <i>Capital Assets Statistics by Function/Program</i> | 152 |
| <i>Water and Wastewater Contracts</i> | 153 |
| <i>Components of Payments Made Under Selected Contracts</i> | |
| <i>Operating Indicators by Function</i> | 154 |



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

| | FISCAL YEAR | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| Invested in capital assets | \$ 121,332,136 | \$ 148,513,124 | \$ 174,584,254 | \$ 237,535,813 | \$ 255,230,188 | \$ 250,427,112 | \$ 265,961,757 | \$ 271,217,903 | \$ 286,120,135 | \$ 279,371,594 |
| net of related debt | 5,042,851 | 5,475,006 | 3,167,064 | 1,768,257 | 3,034,411 | 5,260,954 | 5,491,185 | 9,302,232 | 9,792,214 | 83,793,231 |
| Restricted | 45,841,403 | 51,355,387 | 65,238,004 | 41,171,528 | 52,044,716 | 99,358,971 | 114,556,201 | 129,915,331 | 129,649,766 | 62,743,136 |
| Unrestricted | \$ 172,216,390 | \$ 205,343,517 | \$ 242,989,322 | \$ 280,475,598 | \$ 310,309,315 | \$ 355,047,037 | \$ 386,009,143 | \$ 410,435,466 | \$ 425,562,115 | \$ 425,907,961 |
| Total governmental activities net assets | | | | | | | | | | |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Invested in capital assets | \$ 119,326,515 | \$ 112,136,902 | \$ 110,683,391 | \$ 130,998,728 | \$ 133,275,493 | \$ 134,270,404 | \$ 129,219,761 | \$ 139,067,912 | \$ 134,524,036 | \$ 137,253,007 |
| net of related debt | 3,953,911 | 3,953,911 | 3,548,426 | 3,699,150 | 3,671,913 | 3,748,093 | 6,089,188 | 3,673,504 | 4,228,742 | 3,988,491 |
| Restricted | 10,834,075 | 27,853,395 | 40,273,290 | 30,147,871 | 37,114,582 | 46,861,049 | 56,978,613 | 60,527,614 | 68,647,313 | 68,859,665 |
| Unrestricted | \$ 134,114,501 | \$ 143,944,208 | \$ 154,505,107 | \$ 164,845,749 | \$ 174,061,988 | \$ 184,879,546 | \$ 192,287,562 | \$ 203,269,030 | \$ 207,400,091 | \$ 210,101,163 |
| Total business-type activities net assets | | | | | | | | | | |
| PRIMARY GOVERNMENT | | | | | | | | | | |
| Invested in capital assets | \$ 240,658,651 | \$ 260,650,026 | \$ 285,267,645 | \$ 368,534,541 | \$ 388,505,681 | \$ 384,697,516 | \$ 395,181,518 | \$ 410,285,815 | \$ 420,644,171 | \$ 416,624,601 |
| net of related debt | 8,996,762 | 9,428,917 | 6,715,490 | 5,467,407 | 6,706,324 | 9,009,047 | 11,580,373 | 12,975,736 | 14,020,956 | 87,781,722 |
| Restricted | 56,675,478 | 79,208,782 | 105,511,294 | 71,319,399 | 89,159,298 | 146,220,020 | 171,534,814 | 190,442,945 | 198,297,079 | 131,602,801 |
| Unrestricted | \$ 306,330,891 | \$ 349,287,725 | \$ 397,494,429 | \$ 445,321,347 | \$ 484,371,303 | \$ 539,926,583 | \$ 578,296,705 | \$ 613,704,496 | \$ 632,962,206 | \$ 656,009,124 |
| Total primary government net assets | | | | | | | | | | |

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

The city implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definition" in fiscal year 2011, which changed classification of certain activities from governmental to business type activities. The beginning net assets in 2011 have been restated.

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

| | FISCAL YEAR | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| EXPENSES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Support services | \$ 20,991,474 | \$ 12,898,644 | \$ 13,014,368 | \$ 13,933,988 | \$ 16,076,516 | \$ 22,481,067 | \$ 19,829,891 | \$ 17,647,031 | \$ 17,278,851 | \$ 19,100,748 |
| Public safety services | 37,944,230 | 50,916,655 | 49,831,335 | 53,811,047 | 57,826,788 | 70,124,744 | 76,192,160 | 70,728,042 | 81,872,640 | 88,336,343 |
| Recreation and leisure services | 9,303,477 | 10,741,472 | 13,276,399 | 14,491,018 | 15,606,279 | 19,168,072 | 20,548,092 | 24,302,491 | 21,517,961 | 22,368,768 |
| Development services and other | 34,779,148 | 37,605,023 | 39,071,130 | 40,009,351 | 50,642,965 | 38,630,596 | 51,061,087 | 56,491,002 | 58,153,994 | 74,251,224 |
| Interest on long-term debt | 5,387,551 | 5,754,130 | 6,305,446 | 7,482,003 | 7,659,557 | 8,421,424 | 10,329,775 | 12,141,929 | 10,618,864 | 9,817,549 |
| Total governmental activities expenses | \$ 108,405,880 | \$ 117,915,924 | \$ 121,498,678 | \$ 129,727,407 | \$ 147,812,105 | \$ 158,825,903 | \$ 177,961,005 | \$ 181,310,495 | \$ 189,442,310 | \$ 213,874,632 |
| Business-type activities: | | | | | | | | | | |
| Water and wastewater | \$ 26,245,172 | \$ 30,016,378 | \$ 31,405,404 | \$ 36,537,343 | \$ 39,746,718 | \$ 40,211,646 | \$ 43,521,711 | \$ 46,025,037 | \$ 48,888,158 | \$ 52,658,416 |
| Municipal airport | 1,610,437 | 1,621,636 | 1,739,208 | 6,422,295 | 2,156,251 | 2,010,376 | 2,274,829 | 1,758,664 | 1,999,196 | 2,809,039 |
| Municipal golf course | 3,178,483 | 3,197,612 | 3,234,336 | 3,451,846 | 3,390,562 | 3,295,065 | 3,388,253 | 3,336,554 | 3,488,564 | 3,521,660 |
| Storm water | 395,860 | 801,473 | 673,302 | 1,833,787 | 829,867 | 1,034,458 | 1,076,876 | 1,344,716 | 1,692,009 | 1,537,846 |
| Solid waste | 6,813,103 | 5,499,602 | 7,326,711 | 6,422,295 | 7,320,755 | 9,599,260 | 8,147,843 | 8,316,221 | 8,931,468 | 9,079,737 |
| Total business-type activities expenses | 38,243,055 | 41,136,701 | 44,378,961 | 54,667,566 | 53,444,153 | 56,150,805 | 58,409,512 | 60,781,192 | 64,999,395 | 69,606,698 |
| Total primary government expenses | \$ 146,648,935 | \$ 159,052,625 | \$ 165,877,639 | \$ 184,394,973 | \$ 201,256,258 | \$ 214,976,708 | \$ 236,370,517 | \$ 242,091,687 | \$ 254,441,705 | \$ 283,481,330 |
| PROGRAM REVENUES | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Support services | \$ 4,340,965 | \$ 3,413,628 | \$ 5,365,705 | \$ 6,462,531 | \$ 9,856,362 | \$ 11,369,944 | \$ 12,976,068 | \$ 13,272,240 | \$ 10,929,541 | \$ 5,981,676 |
| Public safety services | 7,563,754 | 7,331,038 | 8,040,487 | 8,567,505 | 8,982,681 | 5,453,931 | 5,827,320 | 11,030,095 | 12,823,754 | 16,384,019 |
| Recreation and leisure services | 3,155,122 | 2,775,590 | 2,505,920 | 2,947,751 | 3,502,325 | 4,843,898 | 6,894,465 | 5,815,486 | 7,112,226 | 8,886,903 |
| Development services and other | 1,976,957 | 2,426,826 | 4,091,489 | 3,826,062 | 6,108,583 | 3,731,729 | 2,947,454 | 5,087,515 | 4,412,063 | 7,991,012 |
| Interest on long-term debt | | | | | | | | | | |
| Operating grants and contributions | 19,437,597 | 25,635,211 | 27,628,031 | 28,456,869 | 33,141,279 | 48,052,791 | 36,873,575 | 28,333,421 | 31,232,753 | 37,588,585 |
| Capital grants and contributions | 2,528,385 | 3,140,512 | 26,900,978 | 25,867,397 | 8,409,834 | 14,027,960 | 11,432,768 | 5,795,714 | 9,112,664 | 2,664,489 |
| Total governmental activities | \$ 39,002,780 | \$ 44,722,805 | \$ 74,532,610 | \$ 76,128,115 | \$ 70,001,064 | \$ 87,480,253 | \$ 76,951,650 | \$ 69,334,471 | \$ 75,623,001 | \$ 79,496,684 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water and wastewater | \$ 30,761,023 | \$ 32,970,209 | \$ 31,377,178 | \$ 34,084,321 | \$ 42,564,693 | \$ 41,221,192 | \$ 43,493,084 | \$ 46,898,346 | \$ 46,459,483 | \$ 54,761,115 |
| Municipal airport | 1,079,182 | 1,219,517 | 1,314,710 | 1,654,152 | 1,496,579 | 1,492,202 | 2,330,000 | 1,703,398 | 1,759,319 | 3,791,577 |
| Municipal golf course | 2,689,782 | 2,406,774 | 2,053,784 | 2,397,915 | 2,587,757 | 2,637,807 | 2,232,189 | 2,409,475 | 2,080,152 | 2,244,356 |
| Storm water | 1,447,147 | 1,786,048 | 1,870,778 | 1,917,720 | 2,470,183 | 2,691,742 | 2,974,336 | 3,073,155 | 4,685,730 | 5,015,547 |
| Solid waste | 8,040,556 | 6,934,548 | 7,544,969 | 8,061,725 | 8,767,399 | 9,023,648 | 9,103,212 | 10,290,559 | 10,100,502 | 9,984,080 |
| Operating grants and contributions | 301,378 | 335,737 | 2,140,958 | 386,900 | 737,536 | 1,668,944 | 270,729 | 468,397 | - | - |
| Capital grants and contributions | 386,078 | 2,287,819 | 10,169,562 | 10,979,777 | 4,172,710 | 8,109,411 | 5,519,297 | 3,742,875 | 2,444,475 | 1,792,377 |
| Total business-type activities | 44,705,146 | 47,940,652 | 56,471,939 | 59,482,510 | 62,796,857 | 66,844,946 | 65,922,847 | 68,586,205 | 67,529,661 | 77,589,052 |
| Total primary government | \$ 83,707,926 | \$ 92,663,457 | \$ 131,004,549 | \$ 135,610,625 | \$ 132,797,921 | \$ 154,325,199 | \$ 142,874,497 | \$ 137,920,676 | \$ 143,152,662 | \$ 157,085,736 |

(continued)

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

| | FISCAL YEAR | | | | | | | | | |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| NET (EXPENSES)/REVENUE | | | | | | | | | | |
| Governmental activities | \$ (69,403,100) | \$ (73,193,119) | \$ (46,966,068) | \$ (53,599,292) | \$ (77,811,041) | \$ (71,345,650) | \$ (101,009,355) | \$ (111,976,024) | \$ (113,819,309) | \$ (134,377,948) |
| Business-type activities | 6,462,091 | 6,803,951 | 12,092,978 | 10,402,908 | 9,352,704 | 10,694,141 | 7,513,335 | 7,805,013 | 2,530,266 | 7,982,354 |
| Total primary government net expense | \$ (62,941,009) | \$ (66,389,168) | \$ (34,873,090) | \$ (43,196,384) | \$ (68,458,337) | \$ (60,651,509) | \$ (93,496,020) | \$ (104,171,011) | \$ (111,289,043) | \$ (126,395,594) |
| GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 41,553,955 | \$ 43,194,279 | \$ 46,952,102 | \$ 50,217,892 | \$ 54,462,317 | \$ 61,443,459 | \$ 69,813,294 | \$ 76,687,029 | \$ 75,091,425 | \$ 71,554,937 |
| Sales taxes | 21,203,525 | 22,560,923 | 23,970,012 | 24,833,472 | 29,289,416 | 31,919,487 | 39,665,104 | 40,376,226 | 39,891,881 | 41,713,795 |
| Hotel/motel tax and other taxes | 1,596,337 | 1,316,910 | 1,054,409 | 1,803,169 | 1,299,365 | 1,344,762 | 1,414,822 | 1,231,899 | 1,232,928 | 1,332,984 |
| Franchise fees | 7,972,998 | 9,400,450 | 6,294,469 | 9,870,488 | 15,658,628 | 11,375,535 | 11,847,401 | 12,531,556 | 12,060,211 | 13,492,977 |
| Investment income | 3,666,447 | 1,328,820 | 1,804,705 | 2,820,035 | 4,755,009 | 7,573,850 | 7,444,199 | 6,688,474 | 1,844,371 | 1,341,476 |
| Miscellaneous | 3,707,524 | 1,605,576 | 2,811,908 | 3,014,011 | 71,784 | - | 2,553,427 | - | - | - |
| Contributions | 24,477,021 | 23,973,681 | - | - | - | - | - | - | - | - |
| Transfers-monetary | 8,317,016 | 2,962,060 | 1,724,267 | 350,310 | 2,128,239 | 2,426,279 | - | (1,112,837) | (1,542,012) | 5,625,851 |
| Transfers-capital assets | - | - | - | - | - | - | - | - | 367,154 | - |
| Total government activities | \$ 112,494,823 | \$ 106,342,699 | \$ 84,611,872 | \$ 92,909,377 | \$ 107,644,758 | \$ 116,083,372 | \$ 132,738,247 | \$ 136,402,347 | \$ 128,945,958 | \$ 135,062,020 |
| Business-type activities: | | | | | | | | | | |
| Franchise fees | \$ - | \$ - | \$ - | \$ - | \$ 305,907 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Investment income | 1,331,174 | 1,231,038 | 192,188 | 288,044 | 1,685,867 | 2,549,696 | 2,448,108 | 2,063,618 | 425,937 | 6,343 |
| Miscellaneous | 79,018 | - | - | - | - | - | - | - | - | - |
| Contributions | 6,485,360 | 4,756,779 | - | - | - | - | - | - | - | - |
| Transfers-monetary | (6,817,016) | (2,962,060) | (1,724,267) | (350,310) | (2,128,239) | (2,426,279) | (2,553,427) | 1,112,837 | 1,542,012 | (5,625,851) |
| Transfers-capital assets | - | - | - | - | - | - | - | - | (367,154) | - |
| Total business-type activities | 1,078,536 | 3,025,757 | (1,532,079) | (62,266) | (136,465) | 123,417 | (105,319) | 3,176,455 | 1,600,795 | (5,619,508) |
| Total primary government | \$ 113,573,359 | \$ 109,368,456 | \$ 83,079,793 | \$ 92,847,111 | \$ 107,508,293 | \$ 116,206,789 | \$ 132,632,928 | \$ 139,578,802 | \$ 130,546,753 | \$ 129,442,512 |
| CHANGE IN NET ASSETS | | | | | | | | | | |
| Governmental activities | \$ 43,091,723 | \$ 33,149,580 | \$ 37,645,805 | \$ 39,310,085 | \$ 29,833,717 | \$ 44,737,722 | \$ 31,728,892 | \$ 24,426,323 | \$ 15,126,649 | \$ 684,072 |
| Business-type activities | 7,540,627 | 9,829,708 | 10,560,899 | 10,340,642 | 9,216,239 | 10,817,558 | 7,408,016 | 10,981,468 | 4,131,061 | 2,362,846 |
| Total primary government | \$ 50,632,350 | \$ 42,979,288 | \$ 48,206,704 | \$ 49,650,727 | \$ 39,049,956 | \$ 55,555,280 | \$ 39,136,908 | \$ 35,407,791 | \$ 19,257,710 | \$ 3,046,918 |

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

(concluded)

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

| | FISCAL YEAR | | | | | | | | | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| GENERAL FUND | | | | | | | | | | |
| Reserved | \$ 436,845 | \$ 360,916 | \$ 836,805 | \$ 1,245,756 | \$ 1,202,824 | \$ 978,032 | \$ 769,535 | \$ 576,286 | \$ 306,798 | \$ - |
| Unreserved/Unassigned | 15,463,442 | 15,667,085 | 18,301,467 | 16,467,282 | 23,797,074 | 24,474,441 | 23,517,200 | 29,769,771 | 29,794,717 | 29,186,299 |
| Assigned | - | - | - | - | - | - | - | - | - | 1,407,704 |
| Total general fund | \$ 15,900,287 | \$ 16,028,001 | \$ 19,138,272 | \$ 17,713,038 | \$ 24,999,898 | \$ 25,452,473 | \$ 24,286,735 | \$ 30,346,057 | \$ 30,101,515 | \$ 30,594,003 |
| ALL OTHER GOVERNMENTAL FUNDS | | | | | | | | | | |
| Reserved | \$ 25,660,997 | \$ 30,102,504 | \$ 11,156,665 | \$ 21,832,554 | \$ 20,495,695 | \$ 9,009,855 | \$ 9,713,094 | \$ 13,783,052 | \$ 11,783,598 | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 13,084,153 | 16,588,446 | 32,888,043 | 29,473,920 | 23,834,504 | 51,481,507 | 152,319,219 | 69,553,793 | 39,727,431 | - |
| Capital projects funds | 37,584,468 | 24,209,669 | 30,843,788 | 14,339,856 | 17,522,013 | 36,334,868 | 36,672,982 | 75,403,545 | 60,591,611 | - |
| Non-Spendable | - | - | - | - | - | - | - | - | - | 265,296 |
| Restricted | - | - | - | - | - | - | - | - | - | 89,928,651 |
| Committed | - | - | - | - | - | - | - | - | - | 34,061,536 |
| Total all other governmental funds | \$ 76,329,618 | \$ 70,900,619 | \$ 74,888,496 | \$ 65,646,330 | \$ 61,852,212 | \$ 96,826,230 | \$ 198,705,295 | \$ 158,740,390 | \$ 112,102,640 | \$ 124,255,483 |

The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

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

| | FISCAL YEAR | | | | | | | | | |
|---|---------------|----------------|---------------|----------------|---------------|---------------|----------------|-----------------|-----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| REVENUE | | | | | | | | | | |
| Taxes | \$ 63,671,664 | \$ 68,044,675 | \$ 72,588,819 | \$ 76,112,349 | \$ 85,051,098 | \$ 94,529,349 | \$ 109,658,169 | \$ 116,142,863 | \$ 116,814,717 | \$ 114,587,907 |
| Licenses, fees, and permits | 10,088,745 | 10,903,573 | 12,396,830 | 12,650,409 | 18,962,716 | 14,221,385 | 14,300,656 | 14,767,427 | 14,667,062 | 16,136,711 |
| Fines and penalties | 4,443,912 | 4,469,958 | 5,059,013 | 5,462,053 | 5,537,867 | 5,807,484 | 5,615,462 | 6,342,727 | 7,311,853 | 6,987,287 |
| Charges for services | 5,894,731 | 6,370,072 | 6,739,443 | 7,209,753 | 7,537,479 | 8,466,964 | 11,648,865 | 11,488,375 | 12,497,178 | 12,961,293 |
| Special assessments | - | - | 642,734 | 742,184 | 980,999 | 1,379,597 | - | - | - | - |
| Intergovernmental | 19,530,698 | 27,139,404 | 27,302,184 | 25,146,652 | 31,315,423 | 26,598,586 | 30,132,609 | 26,343,441 | 38,692,557 | 39,462,880 |
| Investment income | 3,413,448 | 1,357,707 | 1,766,526 | 2,805,479 | 4,620,911 | 7,391,922 | 7,239,258 | 6,472,181 | 1,767,720 | 1,341,476 |
| Other revenues | 9,068,303 | 5,332,343 | 6,884,470 | 14,506,025 | 9,195,418 | 25,059,295 | 15,655,620 | 10,735,637 | 7,707,687 | 10,064,673 |
| Total revenues | 116,111,501 | 123,617,732 | 133,380,019 | 144,634,904 | 163,201,911 | 183,454,582 | 194,250,639 | 192,292,651 | 199,458,774 | 201,542,227 |
| EXPENDITURES | | | | | | | | | | |
| Current Operations: | | | | | | | | | | |
| Support services | 10,366,935 | 10,659,348 | 10,780,154 | 11,346,466 | 12,875,349 | 17,431,881 | 14,740,779 | 14,778,861 | 13,793,906 | 14,078,101 |
| Public safety services | 40,249,161 | 43,792,760 | 43,621,824 | 46,304,166 | 49,046,924 | 54,033,347 | 59,110,908 | 59,391,711 | 63,301,812 | 62,850,732 |
| Recreation and leisure services | 9,063,565 | 9,439,447 | 11,617,974 | 12,457,293 | 13,194,080 | 14,769,610 | 17,039,606 | 20,392,873 | 19,086,560 | 18,595,333 |
| Development services and other | 29,138,777 | 32,024,258 | 33,628,488 | 33,607,969 | 40,658,989 | 37,067,631 | 48,283,183 | 47,383,981 | 50,416,087 | 48,594,485 |
| Capital Outlay | 55,333,121 | 38,664,168 | 40,099,574 | 41,489,772 | 43,035,692 | 29,577,246 | 62,450,315 | 92,227,467 | 65,612,028 | 18,510,959 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 8,565,663 | 8,756,308 | 10,403,516 | 10,998,736 | 9,079,928 | 9,632,819 | 13,268,068 | 15,331,241 | 29,423,291 | 28,993,944 |
| Interest | 5,271,595 | 5,728,431 | 6,215,621 | 8,123,692 | 7,333,210 | 8,350,646 | 10,693,686 | 12,633,091 | 10,841,888 | 10,259,783 |
| Total expenditures | 157,988,817 | 149,064,720 | 156,367,151 | 164,328,094 | 175,224,172 | 170,863,180 | 225,586,545 | 262,141,225 | 252,475,571 | 201,883,337 |
| Excess of revenues over (under) expenditures | (41,877,316) | (25,446,988) | (22,987,132) | (19,693,190) | (12,022,261) | 12,591,402 | (31,335,906) | (69,848,574) | (53,016,797) | (341,110) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfers in-monetary | 44,935,245 | 29,491,511 | 22,343,056 | 21,490,429 | 21,651,931 | 29,302,328 | 51,850,485 | 63,865,188 | 60,024,949 | 34,365,960 |
| Transfers out-monetary | (34,971,010) | (26,972,478) | (20,434,112) | (21,037,549) | (19,402,662) | (28,036,960) | (49,205,367) | (64,214,176) | (61,757,480) | (28,708,944) |
| Sale of capital assets | 357,569 | 9,011,672 | 361,067 | 47,967 | 71,784 | 12,410 | - | 500,660 | 505,123 | 559,843 |
| Premium (discount) on debt issued | - | - | - | (96,248) | 27,700 | 97,413 | 61,992 | 146,319 | 36,940 | 253,855 |
| Bonds issued | - | 18,260,000 | 27,812,500 | 9,285,000 | 13,166,250 | 21,460,000 | 129,440,000 | 35,645,000 | 7,425,000 | 7,000,000 |
| Refunding bonds issued | - | - | 1,955,000 | 17,540,000 | - | - | 17,278,000 | - | 13,390,000 | 14,235,000 |
| Payment for refunded debt - escrow agent | - | (9,645,000) | (1,952,232) | (16,380,000) | - | - | (17,161,031) | - | (13,301,147) | (14,305,695) |
| Sale of assets held for resale | - | - | - | - | - | - | - | - | (188,881) | - |
| Other sources (uses) | 45,300,000 | - | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | 55,621,804 | 20,145,705 | 30,085,279 | 10,849,599 | 15,515,003 | 22,835,191 | 132,264,079 | 35,942,991 | 6,134,505 | 13,400,019 |
| Net change in fund balance | \$ 13,744,488 | \$ (5,301,283) | \$ 7,098,147 | \$ (8,843,591) | \$ 3,492,742 | \$ 35,426,593 | \$ 100,928,173 | \$ (33,905,583) | \$ (46,882,292) | \$ 13,058,909 |
| Debt service as a percentage of noncapital expenditures | 13.5% | 13.1% | 14.3% | 15.6% | 12.4% | 12.7% | 14.7% | 16.5% | 21.5% | 21.4% |

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

| Fiscal Year | Residential Property | | Commercial Property | | Less: Tax-Exempt Property | | Total Taxable Assessed Value | | Direct Tax Rate | | Actual Taxable Value | | Percentage of Actual Taxable Value | |
|-------------|----------------------|--|---------------------|--|---------------------------|--|------------------------------|----------|-----------------|--|----------------------|--------|------------------------------------|--|
| | | | | | | | | | | | | | | |
| 2002 | \$ 3,042,298,390 | | \$ 3,807,725,309 | | \$ 709,946,637 | | \$ 6,140,077,062 | 0.669998 | | | \$ 6,140,929,228 | 100.0% | | |
| 2003 | 3,365,348,440 | | 4,118,990,011 | | 861,464,334 | | 6,622,874,117 | 0.669998 | | | 6,622,874,117 | 100.0% | | |
| 2004 | 3,719,467,190 | | 3,974,213,570 | | 896,269,064 | | 6,797,411,696 | 0.669998 | | | 6,797,411,696 | 100.0% | | |
| 2005 | 4,031,666,200 | | 4,092,614,293 | | 1,024,567,945 | | 7,099,712,548 | 0.669998 | | | 7,099,712,548 | 100.0% | | |
| 2006 | 4,361,834,090 | | 4,320,530,688 | | 1,105,005,542 | | 7,577,359,236 | 0.669998 | | | 7,577,359,236 | 100.0% | | |
| 2007 | 4,906,586,580 | | 4,449,710,692 | | 1,073,650,128 | | 8,282,647,144 | 0.669998 | | | 8,282,647,144 | 100.0% | | |
| 2008 | 5,469,305,770 | | 5,178,753,981 | | 1,438,990,381 | | 9,209,069,370 | 0.669998 | | | 9,209,069,370 | 100.0% | | |
| 2009 | 5,767,998,141 | | 5,526,633,389 | | 1,537,051,835 | | 9,757,579,695 | 0.669998 | | | 9,757,579,695 | 100.0% | | |
| 2010 | 5,603,083,057 | | 5,828,420,792 | | 1,853,784,284 | | 9,577,719,565 | 0.669998 | | | 9,577,719,565 | 100.0% | | |
| 2011 | 5,532,077,367 | | 5,610,293,457 | | 1,854,115,295 | | 9,288,255,529 | 0.669998 | | | 9,288,255,529 | 100.0% | | |

Taxable assessed values include values under protest as claimed by property owners or estimated by Appraisal District in event property owner's claim is upheld.

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

| | FISCAL YEAR | | | | | | | | | |
|--|-------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| OVERLAPPING RATES | | | | | | | | | | |
| City of Grand Prairie | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 |
| Grand Prairie School District | 1.667100 | 1.727100 | 1.751100 | 1.758600 | 1.629700 | 1.465000 | 1.465000 | 1.465000 | 1.465000 | 1.465000 |
| Arlington School District | 1.740500 | 1.735000 | 1.755000 | 1.745460 | 1.610000 | 1.278000 | 1.272000 | 1.272000 | 1.335000 | 1.305500 |
| Cedar Hill School District | 1.680000 | 1.701600 | 1.741300 | 1.848430 | 1.743300 | 1.400000 | 1.500000 | 1.400000 | 1.440000 | 1.440000 |
| Irving School District | 1.770600 | 1.815000 | 1.837000 | 1.814000 | 1.644000 | 1.348500 | 1.391000 | 1.425000 | 1.465000 | 1.465000 |
| Mansfield School District | 1.682000 | 1.682000 | 1.717000 | 1.772000 | 1.687500 | 1.450000 | 1.750000 | 1.450000 | 1.496000 | 1.496000 |
| Midlothian School District | 1.720000 | 1.720000 | 1.764500 | 1.787500 | 1.697500 | 1.367500 | 1.407500 | 1.397500 | 1.397500 | 1.540000 |
| Dallas County | 0.196000 | 0.203900 | 0.203900 | 0.213900 | 0.213900 | 0.228100 | 0.228100 | 0.228100 | 0.243100 | 0.243100 |
| Dallas County Community College District | 0.060000 | 0.778000 | 0.080300 | 0.081600 | 0.081000 | 0.080400 | 0.089400 | 0.094900 | 0.099230 | 0.099670 |
| Dallas County Hospital District | 0.254000 | 0.254000 | 0.254000 | 0.254000 | 0.254000 | 0.254000 | 0.254000 | 0.274000 | 0.271000 | 0.271000 |
| Dallas County Flood Control District | 3.284940 | 2.080000 | 2.060000 | 2.060000 | 2.835540 | 2.835540 | 2.835540 | 2.835540 | 2.835540 | 2.900000 |
| Grand Prairie Met Util & Reclam Dist. | 3.710000 | 3.870000 | 2.450000 | 2.550000 | 2.050000 | 2.050000 | 2.140000 | 2.180000 | 2.120000 | 2.065000 |
| Ellis County | 0.310170 | 0.310200 | 0.315993 | 0.273090 | 0.349500 | 0.364598 | 0.360091 | 0.360091 | 0.360091 | 0.380091 |
| Johnson County | 0.455000 | 0.357300 | 0.382088 | 0.382088 | 0.369004 | 0.356962 | 0.306708 | 0.300590 | 0.327500 | 0.330500 |
| Tarrant County | 0.272500 | 0.272500 | 0.272500 | 0.272500 | 0.271500 | 0.266500 | 0.264000 | 0.264000 | 0.264000 | 0.264000 |
| Tarrant County Hospital District | 0.232400 | 0.235400 | 0.235397 | 0.235397 | 0.235397 | 0.230397 | 0.227897 | 0.227897 | 0.227897 | 0.227897 |
| Tarrant County Junior College District | 0.139380 | 0.139400 | 0.139380 | 0.139380 | 0.139380 | 0.139380 | 0.137960 | 0.137670 | 0.137640 | 0.148970 |
| CITY DIRECT RATES | | | | | | | | | | |
| Operations & Maintenance | 0.474711 | 0.474711 | 0.474711 | 0.474711 | 0.474711 | 0.481500 | 0.484892 | 0.484892 | 0.484892 | 0.484892 |
| Interest & Sinking | 0.195287 | 0.195287 | 0.195287 | 0.195287 | 0.195287 | 0.188498 | 0.185106 | 0.185106 | 0.185106 | 0.185106 |
| Total Direct Rates | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 | 0.669998 |

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

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

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

| <u>Taxpayer</u> | 2011 | | | 2001 | | |
|--------------------------------|-------------------------------|-------------|---|-------------------------------|-------------|---|
| | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> | <u>Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> |
| Bell Helicopter | \$ 114,212,433 | 1 | 1.23% | \$ 65,079,950 | 1 | 1.06% |
| Oncor Electric/Texas Utilities | 75,950,591 | 2 | 0.82% | 62,001,754 | 2 | 1.01% |
| Prologis | 70,309,025 | 3 | 0.76% | | | |
| Triumph Group Vought Aircraft | 70,234,670 | 4 | 0.76% | 61,741,360 | 3 | 1.01% |
| Republic Beverage | 66,319,408 | 5 | 0.71% | 35,179,550 | 7 | 0.57% |
| Duke Realty Ltd. PS | 48,500,000 | 6 | 0.52% | | | |
| Catellus Development Corp | 40,784,230 | 7 | 0.44% | | | |
| Lockheed Martin Corp | 39,335,733 | 8 | 0.42% | 47,604,910 | 5 | 0.78% |
| CCDA Waters LLC | 38,987,943 | 9 | 0.42% | | | |
| Cardinal Health 200 LLC | 37,524,174 | 10 | 0.40% | | | |
| Amerisource Corporation | - | | - | 33,675,640 | 8 | 0.55% |
| Southwestern Bell | - | | - | 56,328,270 | 4 | 0.92% |
| Security Capital Industrial | - | | - | 35,251,385 | 6 | 0.57% |
| OTR | - | | - | 31,600,020 | 9 | 0.51% |
| General Electric | - | | - | 29,966,713 | 10 | 0.49% |
| Total | \$ 602,158,207 | | 6.48% | \$ 458,429,552 | | 7.47% |

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

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

| Fiscal Year Ended 9/30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections from Subsequent Years | Total Collections to Date | |
|------------------------|----------------------------------|--|--------------------|-----------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2002 | \$ 41,144,103 | \$ 39,869,884 | 96.90% | \$ 455,763 | \$ 40,325,647 | 98.01% |
| 2003 | 44,368,289 | 42,884,922 | 96.66% | 452,343 | 43,337,265 | 97.68% |
| 2004 | 45,542,522 | 44,702,813 | 98.16% | 700,297 | 45,403,110 | 99.69% |
| 2005 | 47,526,939 | 46,083,028 | 96.96% | 556,050 | 46,639,078 | 98.13% |
| 2006 | 50,768,155 | 48,635,892 | 95.80% | 1,167,668 | 49,803,560 | 98.10% |
| 2007 | 55,193,470 | 54,491,806 | 98.73% | 398,100 | 54,889,906 | 99.45% |
| 2008 | 60,505,696 | 58,990,868 | 97.50% | 1,088,164 | 60,079,032 | 99.29% |
| 2009 | 65,518,513 | 64,007,684 | 97.69% | 1,201,266 | 65,208,950 | 99.53% |
| 2010 | 64,170,530 | 63,984,435 | 99.71% | 319,238 | 64,303,673 | 100.21% |
| 2011 | 62,231,126 | 61,173,197 | 98.30% | - | 61,173,197 | 98.30% |

Above amounts exclude property tax revenue.

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

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

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | | | Percentage of | | |
|-------------|--------------------------|-------------------------|----------------------------|---------------------|--------------------------|----------------------------|--------------------------|---------------------------------------|---------------|--|--|
| | General Obligation Bonds | Sales Tax Revenue Bonds | Certificates of Obligation | Water Revenue Bonds | General Obligation Bonds | Certificates of Obligation | Total Primary Government | Average Household Income ¹ | Per Capita | | |
| | | | | | | | | | | | |
| 2002 | \$ 65,806,621 | \$ 32,735,000 | \$ 44,770,000 | \$ 25,770,000 | \$ 2,827,847 | \$ 5,760,000 | \$ 177,669,468 | 0.03% | 1,321 | | |
| 2003 | 67,197,982 | 32,045,000 | 53,750,000 | 25,965,000 | 2,376,929 | 5,665,000 | 186,999,911 | 0.02% | 1,356 | | |
| 2004 | 69,613,825 | 31,325,000 | 69,758,000 | 32,759,612 | 5,500,185 | 6,192,000 | 215,148,622 | 0.02% | 1,521 | | |
| 2005 | 73,234,687 | 31,285,000 | 65,728,928 | 46,116,347 | 4,998,030 | 6,021,072 | 227,384,064 | 0.02% | 1,562 | | |
| 2006 | 71,436,114 | 30,430,000 | 72,251,106 | 48,300,000 | 4,758,886 | 5,958,894 | 233,135,000 | 0.03% | 1,494 | | |
| 2007 | 70,284,620 | 29,540,000 | 86,119,781 | 52,315,000 | 4,303,600 | 5,735,219 | 248,298,220 | 0.02% | 1,537 | | |
| 2008 | 89,329,630 | 65,305,000 | 147,674,703 | 64,490,000 | 5,587,000 | 4,035,227 | 376,421,560 | 0.01% | 2,259 | | |
| 2009 | 93,109,470 | 62,010,000 | 167,503,622 | 65,800,000 | 5,407,000 | 3,796,378 | 397,626,470 | 0.01% | 2,360 | | |
| 2010 | 92,907,260 | 54,510,000 | 153,892,541 | 66,875,000 | 5,227,000 | 3,537,459 | 376,949,260 | 0.02% | 2,149 | | |
| 2011 | 91,693,399 | 46,690,000 | 140,877,457 | 62,375,000 | 4,936,601 | 3,402,540 | 349,974,997 | 0.02% | 1,989 | | |

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

(1) Household Effective Buying Income used until 2005.

FY 2010 average household income figure provided by City of Grand Prairie Department of Economic Development

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

| Year | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value of Property | Per Capita |
|------|---------------------------------|----------------------------------|----------------|---|---------------|
| | General Obligation Bonds | Certificates of Obligation | Total | | |
| 2002 | \$ 68,634,468 | \$ 50,530,000 | \$ 119,164,468 | 1.80% | 900 |
| 2003 | 69,574,911 | 59,415,000 | 128,989,911 | 1.83% | 1,011 |
| 2004 | 75,114,010 | 75,950,000 | 151,064,010 | 2.05% | 856 |
| 2005 | 78,232,717 | 71,750,000 | 149,982,717 | 1.96% | 987 |
| 2006 | 76,195,000 | 78,210,000 | 154,405,000 | 1.90% | 921 |
| 2007 | 74,588,220 | 91,855,000 | 166,443,220 | 2.01% | 1,030 |
| 2008 | 94,916,630 | 151,709,930 | 246,626,560 | 2.68% | 1,480 |
| 2009 | 98,516,470 | 171,300,000 | 269,816,470 | 2.77% | 1,601 |
| 2010 | 98,134,260 | 157,430,000 | 255,564,260 | 2.67% | 1,457 |
| 2011 | 96,630,000 | 144,279,997 | 240,909,997 | 2.59% | 1,369 |

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

**CITY OF GRAND PRAIRIE
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES OF DEBT (Unaudited)
AS OF SEPTEMBER 30, 2011**

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable **</u> | <u>Estimated Share of Direct and Overlapping Debt</u> |
|--|-----------------------------|---|---|
| Debt repaid with property taxes | | | |
| Arlington Independent School District | \$ 477,462,485 | 17.23% | \$ 82,266,786 |
| Cedar Hill Independent School District | 99,009,528 | 3.48% | 3,445,532 |
| Dallas County | 143,932,642 | 2.85% | 4,102,080 |
| Dallas County Community College District | 396,140,000 | 2.85% | 11,289,990 |
| Dallas County Flood Control District #1 | 30,620,000 | 1.31% | 401,122 |
| Dallas County Hospital District | 705,000,000 | 2.85% | 20,092,500 |
| Ellis County | 59,586,262 | 0.18% | 107,255 |
| Grand Prairie Independent School District | 487,079,289 | 89.92% | 437,981,697 |
| Grand Prairie Metro Utility & Reclamation District | 3,740,000 | 99.13% | 3,707,462 |
| Irving Independent School District | 557,230,140 | 0.76% | 4,234,949 |
| Mansfield Independent School District | 696,013,430 | 9.84% | 68,487,722 |
| Midlothian Independent School District | 238,173,591 | 0.47% | 1,119,416 |
| Tarrant County | 335,050,000 | 3.59% | 12,028,295 |
| Tarrant County Community College District | 29,780,000 | 3.59% | 1,069,102 |
| Tarrant County Hospital District | 27,160,000 | 3.59% | 975,044 |
| Subtotal, overlapping debt | | | <u>651,308,952</u> |
| City direct debt* | 279,260,857 | 100.00% | <u>279,260,857</u> |
| Total direct and overlapping debt | | | <u><u>\$ 930,569,809</u></u> |

* All outstanding long-term debt instruments related to governmental activities

** Estimated Percentage is based on a formula using assessed property values.

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

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

| | FISCAL YEAR | | | | | | | | | |
|---|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Debt limit | \$ 153,523,231 | \$ 165,571,853 | \$ 169,935,292 | \$ 177,492,814 | \$ 189,433,981 | \$ 207,066,179 | \$ 230,226,734 | \$ 243,939,492 | \$ 239,442,989 | \$ 232,206,388 |
| Total net debt applicable to limit | 84,833,770 | 89,502,976 | 118,296,761 | 119,206,430 | 118,410,646 | 124,781,713 | 140,806,849 | 154,308,664 | 150,792,741 | 148,895,469 |
| Legal debt margin | \$ 68,689,461 | \$ 76,068,877 | \$ 51,638,531 | \$ 58,286,384 | \$ 71,023,335 | \$ 82,284,466 | \$ 89,419,885 | \$ 89,630,828 | \$ 88,650,248 | \$ 83,310,919 |
| Total net debt applicable to the limit as a percentage of debt limit | 55.26% | 54.06% | 69.61% | 67.16% | 62.51% | 60.26% | 61.16% | 63.26% | 62.98% | 64.12% |

Legal Debt Margin Calculation for Fiscal Year 2011

| | |
|---|------------------|
| Assessed value | \$ 9,288,255,529 |
| Debt limit (2.5% of assessed value) | 232,206,388 |
| Debt applicable to limit: | |
| General obligation bonds | 155,710,999 |
| Less: Amount set aside for repayment of general obligation debt | (6,815,530) |
| Total net debt applicable to limit | 148,895,469 |
| Legal debt margin | \$ 83,310,919 |

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

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

| Fiscal Year | Water Revenue Bonds | | | | | Sales Tax Revenue Bonds ⁵ | | | |
|-------------|--------------------------------------|---------------------------------------|-----------------------|--------------|--------------|--------------------------------------|--|-----------------------|----------|
| | Utility Service Charges ¹ | Less: Operating Expenses ² | Net Available Revenue | Debt Service | | Sales Tax Increment | Maximum Annual Debt Service ⁶ | Coverage ⁴ | Coverage |
| | | | | Principal | Interest | | | | |
| 2002 | \$ 31,950,014 | \$ 19,738,275 | \$ 12,211,739 | \$ 3,789,539 | \$ 1,116,228 | \$ 3,846,684 | \$ 2,399,263 | 2.49 | 1.60 |
| 2003 | 34,561,157 | 21,804,379 | 12,756,778 | 2,862,022 | 1,075,100 | 3,760,154 | 2,399,263 | 3.24 | 1.57 |
| 2004 | 34,493,334 | 23,310,775 | 11,182,559 | 2,937,217 | 894,036 | 3,995,002 | 2,399,263 | 2.92 | 1.67 |
| 2005 | 35,760,835 | 26,859,732 | 8,901,103 | 2,609,596 | 1,462,684 | 4,151,075 | 2,370,800 | 2.19 | 1.75 |
| 2006 | 45,853,437 | 30,419,541 | 15,433,896 | 2,540,000 | 1,718,216 | 4,906,292 | 2,370,800 | 3.62 | 2.07 |
| 2007 | 46,946,426 | 29,316,250 | 17,630,176 | 2,610,000 | 2,208,853 | 5,476,985 | 2,370,800 | 3.66 | 2.31 |
| 2008 | 47,636,804 | 31,954,392 | 15,682,412 | 3,670,000 | 2,534,846 | 5,488,686 | 2,370,800 | 2.53 | 2.32 |
| 2009 | 48,534,900 | 33,756,808 | 14,778,092 | 3,630,000 | 2,630,012 | 5,193,338 | 2,370,800 | 2.36 | 2.19 |
| 2010 | 47,944,122 | 36,040,449 | 11,903,673 | 3,920,000 | 2,737,505 | 5,136,774 | 2,369,203 | 1.79 | 2.17 |
| 2011 | 55,785,237 | 39,151,252 | 16,633,985 | 3,940,000 | 2,591,812 | 5,313,584 | 2,369,203 | 2.55 | 2.24 |

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

(2) Expenses exclude depreciation expense.

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

In all other years, franchise fees are included in operating expense.

(4) Bond covenants require coverage of no less than 1.25.

The City financial policy coverage goal is 2.00.

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

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

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

| Calendar Year | Population | Median (1) Household Income (thousands of dollars) | Per Capita Income | Median Age | Public School Enrollment | Unemployment Rate |
|----------------------|-------------------|---|--------------------------|-------------------|---------------------------------|--------------------------|
| 2002 | 134,450 | 51,786 | * | * | 21,391 | 6.1% |
| 2003 | 137,872 | 43,100 | * | * | 21,904 | 7.0% |
| 2004 | 141,450 | 42,571 | * | * | 22,496 | 6.4% |
| 2005 | 145,600 | 43,616 | 19,823 | 31 | 23,733 | 5.4% |
| 2006 | 156,050 | 53,006 | 19,682 | 32 | 24,396 | 5.1% |
| 2007 | 161,550 | 52,176 | 19,647 | 32 | 25,182 | 4.4% |
| 2008 | 166,650 | 50,919 | 22,317 | 32 | 26,025 | 5.0% |
| 2009 | 168,500 | 58,765 | 19,904 | 32 | 26,212 | 8.1% |
| 2010 | 175,396 | 64,148 | 24,667 | 32 | 26,594 | 8.9% |
| 2011 | 175,960 | 56,290 | 23,744 | 32 | 26,019 | 8.7% |

Sources of Information:

Estimated Population:
 City of Grand Prairie Department of Planning
 North Texas Council of Governments
 Median Household Income
 ESRI
 Per Capital Income
 2000 Census, ACS, ESRI, City Of GP Eco Dev Dept.
 Median Age
 ESRI
 Public School Enrollment:
 Grand Prairie Independent School District 2010
 Unemployment Rate:
 Texas Workforce Commission

(1) Household Effective Buying Income used until 2005.
 Median Household Income provided by Claritas after 2005; ESRI After 2009
 * Not available.

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

| <u>Employer</u> | 2011 | | | 2001 | | |
|---|--|---------------|---------------|--|---------------|---------------|
| | Percentage of Total City Employment | | Employees | Percentage of Total City Employment | | Employees |
| | Rank | Employment | | Rank | Employment | |
| Grand Prairie Independent School District | 1 | 4.40% | 3,200 | 2 | 3.83% | 2,500 |
| Lockheed Martin Missiles and Fire Control | 2 | 3.71% | 2,700 | 1 | 4.14% | 2,700 |
| Poly-America Inc. | 3 | 2.75% | 2,000 | 5 | 1.68% | 1,100 |
| Bell Helicopter-Textron | 4 | 1.79% | 1,300 | 4 | 1.71% | 1,115 |
| City of Grand Prairie | 5 | 1.51% | 1,100 | 6 | 1.64% | 1,072 |
| Lone Star Park at Grand Prairie | 6 | 1.38% | 1,000 | 3 | 2.30% | 1,500 |
| Vought Aircraft Industries | 7 | 0.96% | 700 | 8 | 1.07% | 700 |
| American Eurocopter | 8 | 0.69% | 500 | | 0.00% | |
| Walmart | 9 | 0.69% | 500 | | 0.00% | |
| Siemens Energy & Automation, Inc. | 10 | 0.69% | 500 | 10 | 0.77% | 500 |
| Southwest Airlines | | 0.00% | | 7 | 1.15% | 750 |
| Encompass | | 0.00% | | 9 | 0.92% | 600 |
| Total | | 18.57% | 13,500 | | 19.20% | 12,537 |

Source of Information: City Of Grand Prairie Economic Development Department
 Texas Workforce Commission

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

Full-time-Equivalent Employees as of September 30

| <u>Function/Program</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General Government and Administration | | | | | | | | | | |
| City Manager's Office | 6 | 8 | 8 | 8 | 8 | 8 | 10 | 10 | 9 | 8 |
| Budget and Research | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Management Services | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Marketing | 4 | 4 | 4 | 4 | 4 | 6 | 7 | 10 | 7 | 8 |
| Economic Development | 3 | 3 | 3 | 3 | - | - | - | - | - | 0 |
| Legal Services | 6 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Municipal Court | 26 | 26 | 26 | 27 | 28 | 28 | 29 | 27 | 25 | 25 |
| Judiciary | 3 | 3 | 3 | 3 | 4 | 4 | 5 | 5 | 5 | 5 |
| Human Resources | 10 | 10 | 10 | 9 | 9 | 9 | 11 | 11 | 10 | 10 |
| Finance | 17 | 17 | 17 | 17 | 17 | 17 | 19 | 19 | 17 | 17 |
| Information Technology | 24 | 24 | 24 | 23 | 26 | 26 | 26 | 26 | 24 | 24 |
| Planning and Development | 37 | 37 | 61 | 61 | 61 | 61 | 60 | 59 | 52 | 46 |
| CDBG | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 6 | 7 | 7 |
| Public Works | 24 | 24 | 67 | 66 | 66 | 66 | 67 | 66 | 61 | 61 |
| Transportation | 75 | 75 | 8 | 8 | 8 | 8 | 8 | 9 | 8 | 8 |
| Fire | 189 | 189 | 189 | 194 | 198 | 209 | 209 | 215 | 203 | 208 |
| Police | 281 | 284 | 287 | 296 | 302 | 316 | 327 | 352 | 343 | 352 |
| Building and Construction Management | 11 | 11 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Environmental Services | 18 | 18 | 18 | 18 | 18 | 19 | 21 | 21 | 20 | 20 |
| Library | 28 | 28 | 28 | 28 | 31 | 31 | 32 | 38 | 36 | 32 |
| Parks and Recreation | 103 | 106 | 120 | 116 | 121 | 121 | 123 | 174 | 164 | 156 |
| Grants | 51 | 52 | 64 | 50 | 43 | 39 | 37 | 40 | 38 | 41 |
| Enterprise Operations and Administrations | | | | | | | | | | |
| Water/Wastewater | 88 | 91 | 92 | 92 | 94 | 96 | 100 | 101 | 104 | 104 |
| Solid Waste | 21 | 25 | 25 | 25 | 28 | 30 | 32 | 34 | 33 | 34 |
| Airport | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Golf | 25 | 25 | 25 | 20 | 20 | 20 | 20 | 25 | 21 | 19 |
| Storm Water | - | - | - | - | 2 | 6 | 6 | 6 | 6 | 6 |
| Internal Service Operations | | | | | | | | | | |
| Equipment Services | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 15 | 15 |
| Risk Management | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 |
| Total | <u>1,088</u> | <u>1,102</u> | <u>1,121</u> | <u>1,108</u> | <u>1,128</u> | <u>1,160</u> | <u>1,189</u> | <u>1,289</u> | <u>1,226</u> | <u>1,224</u> |

Source of Information: City Budget Office.

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public safety training complex | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Storefronts | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Fire stations | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9.5 |
| Other public works | | | | | | | | | | |
| Streets (miles) | 485 | 485 | 504 | 555 | 589 | 589 | 600 | 600 | 622 | 588 |
| Acreege | 52,096 | 52,096 | 52,096 | 52,096 | 52,096 | 52,096 | 52,096 | 51,108 | 51,105 | 51,108 |
| Public parks | 52 | 52 | 53 | 53 | 54 | 57 | 57 | 57 | 57 | 57 |
| Baseball/softball diamonds | 24 | 24 | 24 | 24 | 24 | 25 | 25 | 25 | 25 | 25 |
| Soccer/football fields | 21 | 21 | 18 | 18 | 18 | 21 | 21 | 21 | 21 | 21 |
| Community/recreations centers | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 8 | 8 |
| Public golf courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public swimming pools | 4 | 4 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 |
| Libraries | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Cemeteries | - | - | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water connections | 50,739 | 51,839 | 53,178 | 55,375 | 58,286 | 60,187 | 61,365 | 62,190 | 62,077 | 63,289 |
| Daily consumption (millions of gallons) | 19.30 | 20.40 | 21.00 | 25.10 | 27.00 | 24.30 | 25.60 | 25.50 | 22.90 | 27.90 |
| Wastewater | | | | | | | | | | |
| Daily flow (millions of gallons) | 14.30 | 13.60 | 18.90 | 17.10 | 15.40 | 15.80 | 14.10 | 14.40 | 15.50 | 16.30 |
| Airports | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Transit—minibuses | 11 | 11 | 11 | 11 | 12 | 15 | 12 | 12 | 12 | 12 |

Source of Information: various departments.

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

| FISCAL YEAR | DALLAS WATER UTILITIES WATER PURCHASES | | | TRINITY RIVER AUTHORITY WASTEWATER TREATMENT | | | TRINITY RIVER AUTHORITY | | |
|-------------|--|-----------|-----------|--|--------------|------------|-------------------------|---------------------------------|-------------------------------------|
| | WATER PURCHASES | | | WASTEWATER TREATMENT | | | TRINITY RIVER AUTHORITY | | |
| | VOLUME | DEMAND | TOTAL | O&M | DEBT SERVICE | TOTAL | JOE POOL LAKE INTAKE | JOE POOL LAKE CORP OF ENGINEERS | WATER STORAGE FACILITY ¹ |
| 2002 | 2,271,851 | 3,178,301 | 5,450,152 | 2,350,719 | 2,993,555 | 5,344,274 | 163,768 | 380,965 | 259,665 |
| 2003 | 1,993,884 | 3,382,202 | 5,376,086 | 2,325,760 | 2,989,560 | 5,315,320 | 166,413 | 390,546 | 369,260 |
| 2004 | 2,291,253 | 3,926,081 | 6,217,334 | 2,676,536 | 3,480,936 | 6,157,472 | 160,163 | 349,084 | - |
| 2005 | 2,563,201 | 4,223,143 | 6,786,344 | 3,737,732 | 3,961,277 | 7,699,009 | 185,136 | 416,034 | - |
| 2006 | 2,840,265 | 5,173,555 | 8,013,820 | 3,221,410 | 4,177,739 | 7,399,149 | 44,249 | 380,806 | - |
| 2007 | 2,407,021 | 5,681,405 | 8,088,426 | 3,150,985 | 4,214,287 | 7,365,272 | 13,782 | 271,575 | - |
| 2008 | 2,785,551 | 5,458,801 | 8,244,352 | 3,628,734 | 4,009,898 | 7,638,632 | 6,810 | 366,430 | - |
| 2009 | 3,119,852 | 5,893,558 | 9,013,410 | 3,687,602 | 4,849,504 | 8,537,106 | 6,450 | 370,440 | - |
| 2010 | 2,883,426 | 6,083,691 | 8,967,118 | 3,803,188 | 5,678,184 | 9,481,372 | 24,000 | 395,860 | - |
| 2011 | 3,342,225 | 6,329,489 | 9,671,714 | 4,146,626 | 6,660,202 | 10,806,828 | 11,010 | 383,062 | - |

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

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

**CITY OF GRAND PRAIRIE
OPERATING INDICATORS BY FUNCTION (Unaudited)
LAST TEN FISCAL YEARS**

| <u>Function</u> | <u>FISCAL YEAR</u> | | | | | | | | | |
|---|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
| Police | | | | | | | | | | |
| 911 calls received * | ** | ** | ** | 146,265 | 152,348 | 148,089 | 156,822 | 151,981 | 142,342 | 144,189 |
| Non-emergency calls * | ** | ** | ** | 166,840 | 160,846 | 149,361 | 157,132 | 138,225 | 141,120 | 114,055 |
| Calls for service * | ** | ** | ** | 135,623 | 133,232 | 136,435 | 130,532 | 127,776 | 144,256 | 150,244 |
| Jail Arrests * | ** | ** | ** | 6,624 | 6,493 | 6,611 | 7,059 | 10,204 | 7,152 | ***10,869 |
| Fire | | | | | | | | | | |
| Total Fire and EMS calls * | ** | ** | ** | 17,749 | 15,060 | 15,904 | 15,678 | 15,589 | 15,589 | 16,817 |
| Fire response calls for structure fires * | ** | ** | ** | 379 | 384 | 263 | 249 | 217 | 217 | 237 |
| Street | | | | | | | | | | |
| Number of miles of overlay streets | ** | ** | ** | 9 | 26 | 17 | 8 | 5 | 6 | 5 |
| Number of street defects repaired | 5,021 | 5,777 | 5,834 | 6,312 | 6,802 | 22,513 | 14,502 | 24,112 | 31,973 | 25,181 |
| Number of linear ft of sidewalk repaired | 13,527 | 13,848 | 21,284 | 28,164 | 17,706 | 9,645 | 40,499 | 12,135 | 25,158 | 21,113 |
| Solid Waste | | | | | | | | | | |
| Landfill refuse collected (tons) | 151,812 | 147,105 | 154,672 | 161,597 | 177,929 | 187,349 | 180,855 | 168,387 | 163,080 | 162,358 |
| Recyclables collected (tons) | 3,090 | 3,048 | 3,478 | 5,230 | 6,058 | 6,228 | 6,081 | 6,288 | 5,145 | 4,881 |
| Water | | | | | | | | | | |
| Average Daily consumption (thousands of gallons) | 19,678 | 20,366 | 21,156 | 25,048 | 27,042 | 24,265 | 25,434 | 25,732 | 22,893 | 27,884 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 14,308 | 13,563 | 17,303 | 17,056 | 15,418 | 15,787 | 14,303 | 14,501 | 15,518 | 16,347 |

Source of Information: City Departments

* In calendar year

** Data not available

*** Includes 219 juvenile arrests