

**Dated August 18, 2026**

**Ratings:**  
**S&P: "AAA" (stable outlook)**  
**(see "OTHER INFORMATION - Ratings" herein)**

**NEW ISSUE - Book-Entry-Only**

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein.

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

**\$35,655,000\***

**CITY OF GRAND PRAIRIE, TEXAS  
(Dallas, Tarrant, Ellis and Johnson Counties)**

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**Dated Date: September 1, 2026**

**Due: February 15, as shown on page 2 hereof**

Interest to accrue from Delivery Date (defined below)

**PAYMENT TERMS.** . . The City of Grand Prairie, Texas (the "City") is issuing its \$35,655,000\* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates"). Interest on the Certificates will accrue from the Delivery Date, will be payable February 15 and August 15 of each year commencing February 15, 2027 until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar (identified below) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE.** . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1371, Texas Government Code, as amended, and the Certificate Ordinance (defined below), and constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited pledge of \$2,500 of the net revenues of the City's combined water and wastewater system, as provided in an ordinance anticipated to be adopted by the City Council of the City on August 18, 2026 authorizing the issuance of the Certificates (the "Ordinance") which will delegate to an authorized officer of the City (the "Pricing Officer") the authority to execute a pricing certificate (the "Pricing Certificate" and together with the Ordinance, the "Certificate Ordinance") that will complete the final sale of the Certificates (see "THE CERTIFICATES - Authority for Issuance of the Certificates").

**PURPOSE.** . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, and maintaining streets, roads, bridges, sidewalks, and other pathways in the City, including related improvements and the purchase of necessary easements and rights-of-way, (ii) constructing, renovating and equipping City public safety facilities, (iii) renovating and equipping the City's Main Library, City Hall, and other administrative office buildings, (iv) constructing, improving and equipping the City's park or recreation facilities, (v) acquiring vehicles and equipment for various City departments, (vi) acquiring and installing telecommunications and information technology systems, hardware, software and equipment for general municipal needs and administrative purposes, and (vii) professional services rendered in connection therewith.

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**CUSIP PREFIX: 386138**

**MATURITY SCHEDULE & 9 DIGIT CUSIP**

**See Schedule on Page 2**

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**LEGALITY.** . . The Certificates are offered for delivery when, as and if issued and received by the underwriters identified below (the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion") and certain other conditions. Certain legal matters will be passed upon by West & Associates, L.L.P., Dallas, Texas, as Disclosure Counsel for the City. Certain legal matters will be passed upon by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, counsel for the Underwriters.

**DELIVERY.** . . It is expected that the Certificates will be available for delivery through the facilities of DTC on September 22, 2026 (the "Delivery Date").

**BOK FINANCIAL SECURITIES, INC.**

**SIEBERT WILLIAMS SHANK**

**STIFEL**

**MATURITY SCHEDULE\*****CUSIP Prefix: 386138<sup>(1)</sup>**

| <u>Principal<br/>Amount</u> | <u>Maturity</u> | <u>Interest<br/>Rate</u> | <u>Initial<br/>Yield</u> | <u>CUSIP<br/>Suffix <sup>(1)</sup></u> |
|-----------------------------|-----------------|--------------------------|--------------------------|----------------------------------------|
| \$ 4,685,000                | 2/15/2027       |                          |                          |                                        |
| 980,000                     | 2/15/2028       |                          |                          |                                        |
| 1,030,000                   | 2/15/2029       |                          |                          |                                        |
| 1,085,000                   | 2/15/2030       |                          |                          |                                        |
| 1,145,000                   | 2/15/2031       |                          |                          |                                        |
| 1,205,000                   | 2/15/2032       |                          |                          |                                        |
| 1,270,000                   | 2/15/2033       |                          |                          |                                        |
| 1,340,000                   | 2/15/2034       |                          |                          |                                        |
| 1,415,000                   | 2/15/2035       |                          |                          |                                        |
| 1,490,000                   | 2/15/2036       |                          |                          |                                        |
| 1,570,000                   | 2/15/2037       |                          |                          |                                        |
| 1,655,000                   | 2/15/2038       |                          |                          |                                        |
| 1,745,000                   | 2/15/2039       |                          |                          |                                        |
| 1,840,000                   | 2/15/2040       |                          |                          |                                        |
| 1,935,000                   | 2/15/2041       |                          |                          |                                        |
| 2,040,000                   | 2/15/2042       |                          |                          |                                        |
| 2,150,000                   | 2/15/2043       |                          |                          |                                        |
| 2,255,000                   | 2/15/2044       |                          |                          |                                        |
| 2,355,000                   | 2/15/2045       |                          |                          |                                        |
| 2,465,000                   | 2/15/2046       |                          |                          |                                        |

**(Interest to accrue from Delivery Date)**

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the services provided by CGS. The City, the Municipal Advisor and the Underwriters take no responsibility for the accuracy of such numbers.

**OPTIONAL REDEMPTION.** . . The City reserves the right, at its option, to redeem the Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES - Optional Redemption of the Certificates”). If two or more consecutive serial maturities of the Certificates are grouped into a single maturity (the “Term Certificates”) by the Underwriters, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Certificate Ordinance and will be described in the final Official Statement.

**(THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY)**

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission ("SEC"), as amended (the "Rule"), and in effect on the date hereof, this document constitutes an "official statement" of the City that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

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

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the City or the City's Municipal Advisor. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof.

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

THE AGREEMENTS OF THE CITY AND OTHERS RELATED TO THE CERTIFICATES ARE CONTAINED SOLELY IN THE CONTRACTS DESCRIBED HEREIN. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER STATEMENT MADE IN CONNECTION WITH THE OFFER OR SALE OF THE CERTIFICATES IS TO BE CONSTRUED AS CONSTITUTING AN AGREEMENT WITH THE PURCHASERS OF THE CERTIFICATES. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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

All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty, or other representation is made concerning the accuracy or completeness of the information herein. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

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

None of the City, the Municipal Advisor, or the Underwriters (as defined herein) make any representation regarding the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its Book-Entry-Only System, as such information has been furnished by DTC. CUSIP identifiers have been assigned to this issue by CUSIP Global Services, and are included solely for the convenience of the owners of the Certificates. None of the City, the Municipal Advisor, or the Underwriters shall be responsible for the selection or correctness of the CUSIP identifiers shown on page 2.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements to be different from future results, performance and achievements expressed or implied by such forward-looking statements. **Investors are cautioned that the actual results could differ materially from those set forth in the forward-looking statements** (see "OTHER INFORMATION – Forward-Looking Statements Disclaimer").

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or hyperlinks contained therein are not incorporated into, and are not a part of, this Official Statement for any purposes.

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

## OFFICIAL STATEMENT SUMMARY

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

|                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>THE CITY</b> .....                                   | The City of Grand Prairie, Texas (the “City”) is a political subdivision and home rule municipal corporation of the State of Texas, located in Dallas, Tarrant, Ellis and Johnson Counties. The City covers approximately 88.5 square miles (see “INTRODUCTION - Description of the City”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>THE CERTIFICATES</b> .....                           | The City’s \$35,655,000* Combination Tax and Revenue Certificates of Obligation, Series 2026 (the “Certificates”) are being issued as serial certificates maturing on February 15 in each of the years 2027 through 2046, unless the Underwriters (as defined on the cover page) of the Certificates designate two or more consecutive maturities as one or more “Term Certificates” (see “THE CERTIFICATES – Description of the Certificates” and “THE CERTIFICATES – Optional Redemption of the Certificates”).                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>PAYMENT OF INTEREST OF THE CERTIFICATES</b> .....    | Interest on the Certificates accrues from the Delivery Date, estimated to be September 22, 2026, and is payable February 15, 2027, and each August 15 and February 15 thereafter until stated maturity or prior redemption (see “THE CERTIFICATES - Description of the Certificates” and “THE CERTIFICATES - Optional Redemption of the Certificates”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>AUTHORITY FOR ISSUANCE OF THE CERTIFICATES</b> ..... | The Certificates are authorized and issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1371, Texas Government Code, as amended, and an ordinance anticipated to be adopted by the City Council of the City on August 18, 2026 authorizing the issuance of the Certificates (the “Ordinance”) which will delegate to an authorized officer of the City (the “Pricing Officer”) the authority to execute a pricing certificate (the “Pricing Certificate” and together with the Ordinance, the “Certificate Ordinance”) that will complete the final sale of the Certificates (see “THE CERTIFICATES – Authority for Issuance of the Certificates”).                                                                                                                                                               |
| <b>SECURITY FOR THE CERTIFICATES</b> .....              | The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City and (ii) a limited pledge of \$2,500 of the net revenues of the City’s combined water and wastewater system, as provided in the Certificate Ordinance (see “THE CERTIFICATES – Security and Source of Payment for the Certificates”).                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>REDEMPTION OF THE CERTIFICATES</b> .....             | The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE CERTIFICATES - Optional Redemption of the Certificates”). If two or more consecutive serial maturities of the Certificates are grouped into a single maturity (the “Term Certificates”) by the Underwriters, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Certificate Ordinance and will be described in the final Official Statement.                                                                                                                                                                  |
| <b>TAX EXEMPTION</b> .....                              | In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption “TAX MATTERS” herein.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>USE OF PROCEEDS FOR THE CERTIFICATES</b> .....       | Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, and maintaining streets, roads, bridges, sidewalks, and other pathways in the City, including related improvements and the purchase of necessary easements and rights-of-way, (ii) constructing, renovating and equipping City public safety facilities, (iii) renovating and equipping the City’s Main Library, City Hall, and other administrative office buildings, (iv) constructing, improving and equipping the City’s park or recreation facilities, (v) acquiring vehicles and equipment for various City departments, (vi) acquiring and installing telecommunications and information technology systems, hardware, software and equipment for general municipal needs and administrative purposes, and (vii) professional services rendered in connection therewith. |
| <b>RATINGS</b> .....                                    | The Certificates and certain of the presently outstanding tax supported debt have been rated “AAA” by S&P Global Ratings, a division of Standard & Poor’s Financial Services LLC (“S&P”). Certain of the presently outstanding tax supported debt of the City is rated “AA+” by Fitch Ratings, Inc. (“Fitch”). In connection with the issuance of the Certificates, the City is not seeking a rating from Fitch (see “OTHER INFORMATION – Ratings”).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

\*Preliminary, subject to change.

**BOOK-ENTRY-ONLY**

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

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

**(THE REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY.)**

## SELECTED FINANCIAL INFORMATION

| Fiscal Year Ended 9/30 | City Estimated Population <sup>(1)</sup> | Taxable Assessed Valuation <sup>(2)</sup> | Taxable Assessed Valuation Per Capita | Net G.O. Tax Debt Outstanding at End of Year | Ratio of Net G.O. Tax Debt to Taxable Assessed Valuation | Net G.O. Tax Debt Per Capita |
|------------------------|------------------------------------------|-------------------------------------------|---------------------------------------|----------------------------------------------|----------------------------------------------------------|------------------------------|
| 2022                   | 200,640                                  | \$ 18,125,734,480 <sup>(3)</sup>          | \$ 90,340                             | \$ 448,852,000 <sup>(8)</sup>                | 2.48%                                                    | \$ 2,237                     |
| 2023                   | 204,973                                  | 20,975,411,726 <sup>(4)</sup>             | 102,333                               | 474,404,000 <sup>(8)</sup>                   | 2.26%                                                    | 2,314                        |
| 2024                   | 207,748                                  | 23,538,067,939 <sup>(5)</sup>             | 113,301                               | 495,216,000 <sup>(8)</sup>                   | 2.10%                                                    | 2,384                        |
| 2025                   | 209,231                                  | 24,701,415,556 <sup>(6)</sup>             | 118,058                               | 537,866,000 <sup>(9)</sup>                   | 2.18%                                                    | 2,571                        |
| 2026                   | 216,881                                  | 26,525,323,416 <sup>(7)</sup>             | 122,304                               | 536,126,000 <sup>(10)</sup>                  | 2.02% <sup>(10)</sup>                                    | 2,472 <sup>(10)</sup>        |

(1) Source: City Staff.

(2) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, Ellis Appraisal District, and Central Appraisal District of Johnson County on the City's annual State Property Tax Boards Reports; subject to change during the ensuing year. See "TAX INFORMATION."

(3) Includes tax increment value of approximately \$959,440,980 that is not available for the City's general use.

(4) Includes tax increment value of approximately \$1,419,070,988 that is not available for the City's general use.

(5) Includes tax increment value of approximately \$1,707,916,611 that is not available for the City's general use.

(6) Includes tax increment value of approximately \$2,170,454,880 that is not available for the City's general use.

(7) Includes tax increment value of approximately \$2,455,340,915 that is not available for the City's general use.

(8) Excludes revenue supported general obligation debt.

(9) The City did not have any revenue supported general obligation debt remaining at the end of Fiscal Year 2025.

(10) Includes the Certificates. Preliminary, subject to change.

## GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

|                                  | Fiscal Year Ended September 30, |                      |                      |                      |                      |
|----------------------------------|---------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | 2025                            | 2024                 | 2023                 | 2022                 | 2021                 |
| Beginning Balance                | \$ 76,134,182                   | \$ 62,059,327        | \$ 38,577,487        | \$ 50,006,374        | \$ 60,648,430        |
| Total Revenue                    | 188,680,566                     | 203,965,834          | 195,456,994          | 154,260,047          | 153,934,901          |
| Total Expenditures               | 179,307,177                     | 175,200,068          | 158,524,637          | 217,458,810          | 133,252,821          |
| Net Transfers                    | (9,524,355)                     | (16,529,306)         | (17,243,172)         | (32,635,834)         | (33,150,756)         |
| Sale of Capital Assets           | 2,586,917                       | 1,838,395            | 1,597,203            | 1,874,382            | 1,826,620            |
| Proceeds from Lease arrangements | 1,442,313                       | -                    | 2,195,452            | 5,016,328            | -                    |
| Proceeds from Bonds Issuance     | -                               | -                    | -                    | 77,515,000           | -                    |
| Net Funds Available              | 3,878,264                       | 14,074,855           | 23,481,840           | (11,428,887)         | (10,642,056)         |
| Ending Balance                   | <u>\$ 80,012,446</u>            | <u>\$ 76,134,182</u> | <u>\$ 62,059,327</u> | <u>\$ 38,577,487</u> | <u>\$ 50,006,374</u> |

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## CITY OFFICIALS, STAFF AND CONSULTANTS

### ELECTED OFFICIALS

| City Council                                                 | Length of Service       | Term Expires | Occupation                                                       |
|--------------------------------------------------------------|-------------------------|--------------|------------------------------------------------------------------|
| Ron Jensen<br>Mayor                                          | 23 Years <sup>(1)</sup> | May 2028     | CEO and Owner, Control Products                                  |
| Jorja Jackson Clemson<br>Place 1 - District 1                | 13 Years                | May 2029     | Owner, Jorja Clemson Properties                                  |
| Jacquin Headen<br>Place 2 - District 2                       | 4 Years                 | May 2028     | Founder/CEO, Interiors by Jacquin, LLC.                          |
| David Chappelle<br>Place 3 - District 3                      | Newly Elected           | May 2029     | Managing Partner of Family Wealth Builders                       |
| John Lopez<br>Place 4 - District 4                           | 7 Years                 | May 2028     | Administrative Manager at the Federal Reserve Bank of Dallas     |
| Tony Shotwell<br>Place 5 - District 5                        | 2 Years <sup>(2)</sup>  | May 2027     | Machinist by Trade and Certified Pharmacy Technician, CPhT/RPhT  |
| Kurt Johnson<br>Place 6 - District 6<br>Deputy Mayor Pro-Tem | 5 Years                 | May 2027     | Government Public Servant, Federal Deposit Insurance Corporation |
| Bessye Adams<br>Place 7 - At Large                           | 3 Years                 | May 2029     | Controller/Interim CFO, DeSoto ISD                               |
| Rodney Anderson<br>Place 8 – At Large<br>Mayor Pro-Tem       | Newly Elected           | May 2027     | Executive Management                                             |

(1) Mayor's length of service includes representation as District 6 Council Member prior to becoming Mayor in 2013.

(2) Previously served on the City Council from 1995 to 2018.

### SELECTED ADMINISTRATIVE STAFF

| Name               | Position                                  | Length of Service in Grand Prairie | Total Municipal Government Experience |
|--------------------|-------------------------------------------|------------------------------------|---------------------------------------|
| William A. Hills   | City Manager                              | 36 Years                           | 49 Years                              |
| Cheryl De Leon     | Deputy City Manager                       | 6 Years                            | 24 Years                              |
| Megan Mahan        | Deputy City Manager                       | 13 Years                           | 15 Years                              |
| Mareshia McGinnis  | City Attorney                             | 2 Years                            | 24 Years                              |
| Mona Lisa Galicia  | City Secretary                            | 21 Years                           | 21 Years                              |
| Thao Vo, CPA       | Director of Management Services           | 14 Years                           | 14 Years                              |
| Susan Sanders, CPA | Director of Finance                       | 8 Years <sup>(1)</sup>             | 8 Years                               |
| Latifia M. Coleman | Assistant Director of Management Services | 2 Years                            | 16 Years                              |

(1) Ms. Sanders' length of service includes previous service with the City from 2016-2022.

### CONSULTANTS AND ADVISORS

|                         |                                               |
|-------------------------|-----------------------------------------------|
| Auditor.....            | Weaver and Tidwell, L.L.P.<br>Dallas, Texas   |
| Bond Counsel.....       | Norton Rose Fulbright US LLP<br>Dallas, Texas |
| Disclosure Counsel..... | West & Associates, L.L.P.<br>Dallas, Texas    |
| Municipal Advisor.....  | Hilltop Securities Inc.<br>Dallas, Texas      |

**PRELIMINARY OFFICIAL STATEMENT**

**RELATING TO**

**\$35,655,000\***

**CITY OF GRAND PRAIRIE, TEXAS**

**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2026**

**INTRODUCTION**

This Official Statement, which includes the maturity schedule and the Appendices hereto, provides certain information regarding the issuance of \$35,655,000\* City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2026 (the "Certificates"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance anticipated to be adopted by the City Council of the City of Grand Prairie, Texas (the "City") on August 18, 2026 authorizing the issuance of the Certificates (the "Ordinance"), which will delegate to an authorized officer of the City (the "Pricing Officer"), the authority to execute a pricing certificate (the "Pricing Certificate" and together with the Ordinance, the "Certificate Ordinance") that will complete the final sale of the Certificates.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Municipal Advisor, Hilltop Securities Inc., ("HilltopSecurities") Dallas, Texas by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

**DESCRIPTION OF THE CITY.** . . The City is a political subdivision and home rule municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's home rule charter (the "Home Rule Charter"). The City first adopted its Home Rule Charter in 1948. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members who are elected for staggered three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, environmental health services, parks and recreation, public transportation, public facilities, planning and zoning, and general administrative services. The City's 2020 U.S. Census population was 196,100. The estimated population for 2026 is 216,881. The City covers approximately 88.5 square miles.

**PLAN OF FINANCING**

**PURPOSE** . . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, improving, and maintaining streets, roads, bridges, sidewalks, and other pathways in the City, including related improvements and the purchase of necessary easements and rights-of-way, (ii) constructing, renovating and equipping City public safety facilities, (iii) renovating and equipping the City's Main Library, City Hall, and other administrative office buildings, (iv) constructing, improving and equipping the City's park or recreation facilities, (v) acquiring vehicles and equipment for various City departments, (vi) acquiring and installing telecommunications and information technology systems, hardware, software and equipment for general municipal needs and administrative purposes, and (vii) professional services rendered in connection therewith.

**USE OF CERTIFICATE PROCEEDS.** . . Proceeds from the sale of the Certificates are expected to be expended as follows:

**SOURCES OF FUNDS:**

|                            |              |
|----------------------------|--------------|
| Par Amount of Certificates |              |
| [Net] Premium              | _____        |
| <b>TOTAL SOURCES:</b>      | <b>=====</b> |

**USES OF FUNDS:**

|                                 |              |
|---------------------------------|--------------|
| Deposit to Project Fund         |              |
| Underwriters' Discount          |              |
| Cost of Issuance <sup>(1)</sup> | _____        |
| <b>TOTAL USES:</b>              | <b>=====</b> |

- (1) Includes legal counsel fees, municipal advisor fees, rating agencies fees, printing and mailing expenses and other costs of issuance of the Certificates. Any amounts remaining after payment of costs of issuance shall be transferred to the Certificate Fund for the Certificates.

## THE CERTIFICATES

**DESCRIPTION OF THE CERTIFICATES.** . . The Certificates are dated September 1, 2026, and are scheduled to mature on February 15 in each of the years and in the amounts shown on page two hereof. Interest on the Certificates will accrue from the Delivery Date (as defined on the cover page hereof), estimated to be September 22, 2026, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on each February 15 and August 15 until stated maturity or prior redemption, commencing February 15, 2027. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Certificates will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates. See "THE CERTIFICATES - Book-Entry-Only System" herein.

Interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Certificates will be paid to the registered owners at their stated maturity or upon earlier redemption upon presentation and surrender at the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under "THE CERTIFICATES - Book-Entry-Only System" herein. If the date for any payment on the Certificates shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

**AUTHORITY FOR ISSUANCE OF THE CERTIFICATES.** . . The Certificates are being issued pursuant to the Constitution and general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), and the Certificate Ordinance.

**SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES.** . . The Certificates constitute direct obligations of the City and are payable from a combination of (i) the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, upon all taxable property within the City and (ii) a limited pledge of \$2,500 of the net revenues of the City's combined water and wastewater system, as provided in the Certificate Ordinance.

**TAX RATE LIMITATION.** . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5 of the Texas Constitution is applicable to the City and limits its maximum ad valorem tax rate to \$2.50 per \$100 of taxable assessed valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 of taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt, based on a 90% tax collection rate as calculated at the time of issuance. The Home Rule Charter also provides that the City shall not raise the portion of the tax rate to be levied annually for general purposes more than five cents (\$0.05) above the rate established in its last ordinance levying and settling the tax rate.

**OPTIONAL REDEMPTION OF THE CERTIFICATES.** . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of the Certificates to be redeemed. If less than all of the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

If two or more consecutive serial maturities of the Certificates are grouped into a single maturity (the "Term Certificates") by the Underwriters, such Term Certificates will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Certificate Ordinance and will be described in the final Official Statement.

**NOTICE OF REDEMPTION.** . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of each registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT

ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the City shall not redeem such Certificates and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

**DEFEASANCE.** . . The Certificate Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar, or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Certificates. In the event of a defeasance of the Certificates, the City shall deliver a certificate from its municipal advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Certificates. The Certificate Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Certificates under applicable laws of the State of Texas. The Pricing Officer may further limit the permitted Government Securities in connection with the sale of the Certificates. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Certificates. Because the Certificate Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, the applicable Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates that have been defeased for redemption or take any other action amending the terms of the Certificates that have been defeased are extinguished; provided, however, that the right to call the Certificates that have been defeased to maturity for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

**AMENDMENTS.** . . The City may, without the consent of or notice to any Holders of the Certificates, from time to time and at any time, amend the Certificate Ordinance in any manner not detrimental to the interests of the Holders of the Certificates, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of Holders of a majority in aggregate principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of the Certificate Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

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

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC

or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

*Effect of Termination of Book-Entry-Only System...* In the event that the Book-Entry-Only System is discontinued, printed Certificate certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Certificate Ordinance and summarized under "THE CERTIFICATES - Transfer, Exchange and Registration" herein.

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

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

**PAYING AGENT/REGISTRAR.** . . The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"). In the Certificate Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

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

**RECORD DATE FOR INTEREST PAYMENT.** . . The record date ("Record Date") for determining the party to whom is owed the interest payable on the Certificates on any interest payment date means the close of business on the last business day of the preceding month.

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

**CERTIFICATEHOLDERS' REMEDIES.** . . If the City defaults in the payment of principal, interest or redemption price, as applicable, on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Certificate Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the Certificate Ordinance and

the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Certificate Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Certificates upon any failure of the City to perform in accordance with the terms of the Certificate Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by certain issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its debt obligations. The City has relied upon Chapter 1371 in connection with the issuance of the Certificates, but the City has not waived sovereign immunity. Because it is unclear whether the Texas legislature (the "Legislature") has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the Certificates or the covenants in the Certificate Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Certificate Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

## TAX INFORMATION

*The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.*

**VALUATION OF TAXABLE PROPERTY . . .** The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Dallas Central Appraisal District, Central Appraisal District of Johnson County, Ellis Appraisal District and Tarrant Appraisal District (collectively, the "Appraisal District") with respect to City property located within such counties, which are county-wide agencies created under the Property Tax Code for that purpose. Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

An appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5 million (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office; or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026 (unless extended by Legislature), the Maximum Property Value may be increased or decreased by the product

of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the Maximum Property Value. For the 2026 tax year, the Maximum Property Value was increased to \$5,320,000.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "TAX INFORMATION – City and Taxpayer Remedies").

**STATE MANDATED HOMESTEAD EXEMPTIONS . . .** State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

**LOCAL OPTION HOMESTEAD EXEMPTIONS . . .** The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

The governing body of a school district, municipality, or county that adopted an exemption described in (1), above, for the 2022 tax year may not reduce the amount of or repeal the exemption through December 31, 2027.

**LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED . . .** The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

**PERSONAL PROPERTY . . .** Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Effective January 1, 2026, a person is entitled to an exemption from taxation by a taxing unit of \$125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of \$125,000, regardless of where the property is located in the taxing unit.

**FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS . . .** Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or outside the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or outside the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

**OTHER EXEMPT PROPERTY . . .** Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from taxation.

**TAX INCREMENT REINVESTMENT ZONES . . .** A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

**TAX ABATEMENT AGREEMENTS . . .** Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see "TAX INFORMATION – City Application of Property Tax Code".

**TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . .** The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35 of the Property Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code, as amended.

**CITY AND TAXPAYER REMEDIES . . .** Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller of Public Accounts (the "State Comptroller"), and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$62,883,169 for the 2026 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX INFORMATION – Public Hearing and Maintenance and Operations Tax Rate Limitations"). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

**LEVY AND COLLECTION OF TAXES . . .** The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1.

**CITY'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES . . .** Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

**PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS . . .** The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"de minimis rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year's taxable value, plus the debt service tax rate.

"foregone revenue amount" means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate less the actual tax rate, then multiplied by the taxing unit's current total value in the applicable preceding tax year.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"special taxing unit" means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

"unused increment rate" means the greater of (i) zero; and (ii) the rate expressed in dollars per \$100 of taxable value calculated by dividing (a) the sum of the foregone revenue amount for each of the preceding three tax years by (b) the "current total value" as defined in Section 26.012 of the Property Tax Code.

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's total maintenance and operations tax levy (adjusted) from the current year's values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the "unused increment rate".

The City's tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the "maintenance and operations tax rate"), and (2) a rate for funding debt service in the current year (the "debt service tax rate"). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

Furthermore, during the 89<sup>th</sup> Regular Session, the Legislature adopted Senate Bill 1851 ("SB 1851"), which applies to the adoption of an ad valorem tax rate for tax year 2026 and thereafter. Under SB 1851, if the Texas Attorney General determines that a city has (a) not had its records and accounts audited and an annual financial statement prepared based on the audit or (b) failed to file its financial statements and auditor's opinion on such financial statements with the city secretary or city clerk before the 180<sup>th</sup> day after the city's fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city's no-new-revenue tax rate for (i) the tax year that begins on or after the date of the Attorney General's determination or (ii) a subsequent tax year that begins before the date the city has had an annual audit completed and financial statements prepared or filed the financial statement and auditor's opinion on such financial statement with the city secretary, as applicable.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has posted notice prominently on the appraisal district's website (if the appraisal district maintains a website) and the assessor for the city has prominently posted on the city's website notice informing the property owner of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase. The appraisal district is also required to post notice in a newspaper of general circulation by August 7 or as soon thereafter as practicable or if there is no newspaper of general circulation, the notice must be posted in the appraisal district's office.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city's adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city's voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

**The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City's tax-supported debt obligations, including the Certificates.**

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

**REGULAR AND SPECIAL LEGISLATIVE SESSIONS . . .** The regular sessions of the 90<sup>th</sup> Texas Legislature (the "Legislature") is scheduled to commence on January 12, 2027. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. Texas Governor Greg Abbott has identified on his agenda property tax relief as a legislative priority. The City cannot predict the likelihood of legislative property tax reform at the legislative level or the impacts therefrom, if implemented.

**RECENT CHANGE IN REAPPRAISAL PLAN . . .** At its meeting on August 9, 2024, the board of directors of the Tarrant Appraisal District (the "TAD Board") approved a reappraisal plan to appraise residential values every other year, instead of annually, with appraisals occurring in odd-numbered years beginning in tax year 2027. Additionally, the TAD Board approved a 5% "threshold" to residential market value increases, which would require "clear and convincing evidence" to support an increase higher than 5% to the market value of a residentially coded property over the prior year's appraisal roll.

**CITY APPLICATION OF PROPERTY TAX CODE . . .** The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$45,000; the disabled are also granted an exemption of \$30,000. Disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces are granted a maximum exemption of up to \$12,000 dependent upon the amount of disability. Disabled veterans (and spouses) awarded 100% disability compensation and a disability rating of 100% are entitled to have 100% of the appraised value of their residence homestead exempted from property taxes.

The City has granted an additional exemption of 17.5% of the appraised value of residence homesteads; the minimum exemption is \$5,000.

See "Table 1 – Valuation, Exemptions and General Obligation Debt" for a listing of the amounts of the exemptions described above.

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

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

The City does not tax nonbusiness personal property.

Dallas County collects ad valorem taxes for the City by contract.

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

The City does not tax Freeport Property.

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

The City has adopted tax abatement guidelines. The City has granted partial tax abatements to one company. See "TAX INFORMATION – Tax Abatements" below.

The City has created three TIRZs, but at this time only two are active.

**TAX ABATEMENTS . . .** The City policy is to grant tax abatements for the development of new facilities or the expansion of existing facilities for which the life of the facility exceeds the life of the abatement. For properties not in an enterprise zone, total investment must exceed \$5,000,000, total job creation must exceed 25 permanent positions, the abatement period may not exceed 10 years and the abatement percentage may not exceed 75%. The City adopted a tax abatement on March 25, 2026. This tax abatement involves a 65% exemption on business personal property for up to 10 years, with a total estimated abatement value of \$70,785,000.

**TAX INCREMENT FINANCING ZONES.** . . Three TIRZs have been created within the City, with two being currently active, TIRZ No. 1 and TIRZ No. 3. TIRZ No. 1 and TIRZ No. 3 were recently expanded to include additional land within the City. Both active TIRZs had combined property tax levy increments of approximately \$11,292,983 for Fiscal Year 2024 and \$14,137,554 for Fiscal Year 2025. The City is anticipating combined property tax levy increments for both active TIRZs of approximately \$16,678,000 for Fiscal Year 2026. Both active TIRZs are still being developed. The cumulative total of TIRZ revenue generated at buildout for TIRZ No. 1 is projected to be \$421 million. The cumulative total of TIRZ revenue for TIRZ No. 3 at buildout is projected to be \$6.1 billion.

Both active TIRZs are still being developed, with buildout expected in 2034 for TIRZ No. 1 and in 2048 for TIRZ No. 3. The expiration dates are December 31, 2041, for TIRZ No. 1 and December 31, 2084, for TIRZ No. 3.

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**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

Tax Year 2026 (FY 2026/2027) Market Valuation Established by Dallas Central Appraisal District,  
Tarrant Appraisal District, Ellis Appraisal District, and Central Appraisal District of Johnson County \$ 34,800,915,672

## Less Exemptions/Reductions

|                             |                  |                      |
|-----------------------------|------------------|----------------------|
| Homestead                   | \$ 1,695,681,391 |                      |
| Over 65 & Disabled          | 480,759,409      |                      |
| Disabled Veterans           | 493,486,173      |                      |
| Agricultural Use Reductions | 94,104,987       |                      |
| Non-Taxable/Totally Exempt  | 2,190,845,698    |                      |
| Freeport Property           | 1,333,000,026    |                      |
| Pollution Control           | 8,172,910        |                      |
| Solar                       | 84,330           |                      |
| Under \$500                 | 323,126          |                      |
| Inventory                   | -                |                      |
| Foreign Trade Zone          | 212,589,873      |                      |
| Misc Personal Property      | 298,376,564      |                      |
| Capped Value Loss           | 536,539,600      |                      |
| Total Exemptions/Reductions |                  | <u>7,343,964,087</u> |

2026/2027 Taxable Assessed Valuation \$ 27,456,951,585

Outstanding General Obligation Debt as of 8/15/2026 \$ 500,471,000  
The Certificates<sup>(1)</sup> 35,655,000  
Total Outstanding General Obligation Debt \$ 536,126,000

Interest and Sinking Fund balance as of 8/1/2026 <sup>(2)</sup> \$ 3,162,611

Ratio of General Obligation Tax Debt to 2026/2027 Taxable Assessed Valuation 1.95%

2026 Estimated Population - 216,881

Per Capita Taxable Assessed Valuation - \$126,599

Per Capita Total General Obligation Debt Payable from Ad Valorem Taxes - \$2,472

(1) Preliminary, subject to change.

(2) Unaudited.

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**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

| Taxable Appraised Value for Fiscal Year Ended September 30, <sup>(1)</sup> |                          |                |                          |                |                          |                |
|----------------------------------------------------------------------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
|                                                                            | 2027                     |                | 2026                     |                | 2025                     |                |
|                                                                            | Amount                   | % of Total     | Amount                   | % of Total     | Amount                   | % of Total     |
| Real, Residential, Single-Family                                           | \$ 14,211,480,103        | 40.84%         | \$ 14,425,954,448        | 42.98%         | \$ 14,852,094,312        | 46.21%         |
| Real, Residential, Multi-Family                                            | 3,681,909,109            | 10.58%         | 3,473,240,112            | 10.35%         | 3,255,261,322            | 10.13%         |
| Real, Vacant Platted Lots/Tracts                                           | 462,428,439              | 1.33%          | 442,897,767              | 1.32%          | 456,272,693              | 1.42%          |
| Real, Acreage (Land Only)                                                  | 95,156,985               | 0.27%          | 79,892,183               | 0.24%          | 43,194,317               | 0.13%          |
| Real, Farm and Ranch Improvements                                          | 51,453,466               | 0.15%          | 17,222,014               | 0.05%          | 17,077,977               | 0.05%          |
| Real, Commercial and Industrial                                            | 10,073,375,313           | 28.95%         | 9,179,661,356            | 27.35%         | 8,172,573,093            | 25.43%         |
| Oil, Gas Mineral Reserves                                                  | 49,163,494               | 0.14%          | 15,960,658               | 0.05%          | 15,165,724               | 0.05%          |
| Real and Tangible Personal, Utilities                                      | 396,336,030              | 1.14%          | 390,123,759              | 1.16%          | 430,239,255              | 1.34%          |
| Tangible Personal, Business                                                | 4,576,584,967            | 13.15%         | 4,656,666,925            | 13.87%         | 4,231,995,723            | 13.17%         |
| Tangible Personal, Other                                                   | 688,916,680              | 1.98%          | 604,299,394              | 1.80%          | 559,585,587              | 1.74%          |
| Special Inventory                                                          | 77,279,624               | 0.22%          | 72,960,005               | 0.22%          | 108,694,942              | 0.34%          |
| Others (In Dispute & In Process)                                           | 436,831,462              | 1.26%          | 206,665,902              | 0.62%          | -                        | 0.00%          |
| Total Appraised Value Before Exemptions                                    | <u>\$ 34,800,915,672</u> | <u>100.00%</u> | <u>\$ 33,565,544,523</u> | <u>100.00%</u> | <u>\$ 32,142,154,945</u> | <u>100.00%</u> |
| Less Exemptions:                                                           |                          |                |                          |                |                          |                |
| Homestead                                                                  | \$ 1,695,681,391         |                | \$ 1,729,265,205         |                | \$ 1,680,803,711         |                |
| Over 65 & Disabled                                                         | 480,759,409              |                | 463,598,630              |                | 452,018,257              |                |
| Disabled Veterans                                                          | 493,486,173              |                | 389,719,276              |                | 334,015,056              |                |
| Agricultural/Open Spaces                                                   | 94,104,987               |                | 77,769,226               |                | 29,089,433               |                |
| Non-Taxable                                                                | 2,190,845,698            |                | 2,097,171,584            |                | 1,837,058,904            |                |
| Tax Abatements                                                             | -                        |                | -                        |                | -                        |                |
| Freeport Property                                                          | 1,333,000,026            |                | 442,405,937              |                | 419,666,221              |                |
| Pollution Control                                                          | 8,172,910                |                | 8,504,464                |                | 7,264,214                |                |
| Solar                                                                      | 84,330                   |                | 100,684                  |                | 47,013                   |                |
| Under \$500                                                                | 323,126                  |                | 229,332                  |                | 347,564                  |                |
| Com HSE DEV                                                                | -                        |                | -                        |                | -                        |                |
| Foreign Trade Zone                                                         | 212,589,873              |                | 212,589,873              |                | -                        |                |
| Inventory                                                                  | 0                        |                | 834,064,874              |                | 887,315,952              |                |
| Misc Personal Property                                                     | 298,376,564              |                | 25,538,111               |                | -                        |                |
| Capped Value Loss                                                          | 536,539,600              |                | 759,254,911              |                | 1,793,113,064            |                |
| Total Exemptions                                                           | <u>\$ 7,343,964,087</u>  |                | <u>\$ 7,040,212,107</u>  |                | <u>\$ 7,440,739,389</u>  |                |
| Taxable Assessed Value                                                     | <u>\$ 27,456,951,585</u> |                | <u>\$ 26,525,332,416</u> |                | <u>\$ 24,701,415,556</u> |                |

| Taxable Appraised Value for Fiscal Year Ended September 30, <sup>(1)</sup> |                          |                |                          |                |                          |                |
|----------------------------------------------------------------------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
|                                                                            | 2024                     |                | 2023                     |                | 2022                     |                |
|                                                                            | Amount                   | % of Total     | Amount                   | % of Total     | Amount                   | % of Total     |
| Real, Residential, Single-Family                                           | \$ 14,326,055,184        | 47.10%         | \$ 11,728,446,107        | 46.56%         | \$ 10,265,520,735        | 45.70%         |
| Real, Residential, Multi-Family                                            | 2,989,937,647            | 9.83%          | 2,687,863,763            | 10.67%         | 2,098,039,165            | 9.34%          |
| Real, Vacant Platted Lots/Tracts                                           | 444,031,636              | 1.46%          | 400,008,739              | 1.59%          | 357,109,671              | 1.59%          |
| Real, Acreage (Land Only)                                                  | 62,175,644               | 0.20%          | 37,662,627               | 0.15%          | 63,099,104               | 0.28%          |
| Real, Farm and Ranch Improvements                                          | 17,856,299               | 0.06%          | 11,015,925               | 0.04%          | 11,302,832               | 0.05%          |
| Real, Commercial and Industrial                                            | 7,091,201,324            | 23.31%         | 6,254,567,160            | 24.83%         | 5,578,782,444            | 24.83%         |
| Oil, Gas Mineral Reserves                                                  | 83,923,727               | 0.28%          | 35,086,513               | 0.14%          | 23,788,419               | 0.11%          |
| Real and Tangible Personal, Utilities                                      | 245,020,899              | 0.81%          | 221,473,310              | 0.88%          | 222,013,882              | 0.99%          |
| Tangible Personal, Business                                                | 4,495,258,327            | 14.78%         | 3,716,411,684            | 14.75%         | 3,753,377,147            | 16.71%         |
| Tangible Personal, Other                                                   | 553,470,343              | 1.82%          | 9,147,553                | 0.04%          | 17,472,657               | 0.08%          |
| Special Inventory                                                          | 109,884,014              | 0.36%          | 87,227,902               | 0.35%          | 74,109,057               | 0.33%          |
| Others (In Dispute & In Process)                                           | -                        | 0.00%          | -                        | 0.00%          | -                        | 0.00%          |
| Total Appraised Value Before Exemptions                                    | <u>\$ 30,418,815,044</u> | <u>100.00%</u> | <u>\$ 25,188,911,283</u> | <u>100.00%</u> | <u>\$ 22,464,615,113</u> | <u>100.00%</u> |
| Less Exemptions:                                                           |                          |                |                          |                |                          |                |
| Homestead                                                                  | \$ 1,285,009,327         |                | \$ 940,964,055           |                | \$ 686,130,452           |                |
| Over 65 & Disabled                                                         | 429,922,050              |                | 408,008,270              |                | 406,482,782              |                |
| Disabled Veterans                                                          | 284,972,853              |                | 232,556,159              |                | 193,027,262              |                |
| Agricultural/Open Spaces                                                   | 61,256,471               |                | 36,166,373               |                | 62,661,160               |                |
| Non-Taxable                                                                | 1,601,021,973            |                | 1,393,810,482            |                | 1,496,233,722            |                |
| Tax Abatements                                                             | 6,256,194                |                | -                        |                | 31,247,363               |                |
| Freeport Property                                                          | 414,173,784              |                | 361,681,146              |                | 885,513,388              |                |
| Pollution Control                                                          | 8,634,338                |                | 4,754,124                |                | 5,839,136                |                |
| Solar                                                                      | 23,199                   |                | 524,577                  |                | -                        |                |
| Under \$500                                                                | 717,787                  |                | 751,351                  |                | 583,212                  |                |
| Com HSE DEV                                                                | -                        |                | -                        |                | 2,579,366                |                |
| Foreign Trade Zone                                                         | 107,843,366              |                | 84,991,464               |                | 87,545,062               |                |
| Inventory                                                                  | 1,014,669,248            |                | -                        |                | -                        |                |
| Misc Personal Property                                                     | -                        |                | -                        |                | -                        |                |
| Capped Value Loss                                                          | 1,666,246,515            |                | 749,291,556              |                | 481,037,728              |                |
| Total Exemptions                                                           | <u>\$ 6,880,747,105</u>  |                | <u>\$ 4,213,499,557</u>  |                | <u>\$ 4,338,880,633</u>  |                |
| Taxable Assessed Value                                                     | <u>\$ 23,538,067,939</u> |                | <u>\$ 20,975,411,726</u> |                | <u>\$ 18,125,734,480</u> |                |

(1) Valuations shown are certified taxable assessed values reported by the four Appraisal Districts to the State Comptroller. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records. Regarding variances between the four appraisal districts require some estimates or adjustments to these categories' details.

**TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

| Fiscal Year | City                      | Taxable                          | Taxable    | Net G.O.                      | Ratio of Net          | Net                   |
|-------------|---------------------------|----------------------------------|------------|-------------------------------|-----------------------|-----------------------|
| Ended       | Estimated                 | Assessed                         | Assessed   | Tax Debt                      | G.O. Tax Debt         | G.O. Tax              |
| 9/30        | Population <sup>(1)</sup> | Valuation <sup>(2)</sup>         | Valuation  | Outstanding                   | to Taxable            | Debt                  |
|             |                           |                                  | Per Capita | at End                        | Assessed              | Per Capita            |
|             |                           |                                  |            | of Year                       | Valuation             |                       |
| 2022        | 200,640                   | \$ 18,125,734,480 <sup>(3)</sup> | \$ 90,340  | \$ 448,852,000 <sup>(8)</sup> | 2.48%                 | \$ 2,237              |
| 2023        | 204,973                   | 20,975,411,726 <sup>(4)</sup>    | 102,333    | 474,404,000 <sup>(8)</sup>    | 2.26%                 | 2,314                 |
| 2024        | 207,748                   | 23,538,067,939 <sup>(5)</sup>    | 113,301    | 495,216,000 <sup>(8)</sup>    | 2.10%                 | 2,384                 |
| 2025        | 209,231                   | 24,701,415,556 <sup>(6)</sup>    | 118,058    | 537,866,000 <sup>(9)</sup>    | 2.18%                 | 2,571                 |
| 2026        | 216,881                   | 26,525,323,416 <sup>(7)</sup>    | 122,304    | 536,126,000 <sup>(10)</sup>   | 2.02% <sup>(10)</sup> | 2,472 <sup>(10)</sup> |

(1) Source: City Staff.

(2) As reported by the Dallas Central Appraisal District, Tarrant Appraisal District, Ellis Appraisal District, and Central Appraisal District of Johnson County on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Includes tax increment value of approximately \$959,440,980 that is not available for the City's general use.

(4) Includes tax increment value of approximately \$1,419,070,988 that is not available for the City's general use.

(5) Includes tax increment value of approximately \$1,707,916,611 that is not available for the City's general use.

(6) Includes tax increment value of approximately \$2,170,454,880 that is not available for the City's general use.

(7) Includes tax increment value of approximately \$2,455,340,915 that is not available for the City's general use.

(8) Excludes revenue supported general obligation debt.

(9) The City did not have any revenue supported general obligation debt remaining at the end of Fiscal Year 2025.

(10) Includes the Certificates. Preliminary, subject to change.

**TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY**

| Fiscal Year |             | General     | Interest and |                | % Current             | % Total                |
|-------------|-------------|-------------|--------------|----------------|-----------------------|------------------------|
| Ended       |             | Fund        | Sinking Fund |                | Collections           | Collections            |
| 9/30        | Tax Rate    |             |              | Tax Levy       |                       |                        |
| 2022        | \$ 0.664998 | \$ 0.452091 | \$ 0.212907  | \$ 121,629,982 | 98.96%                | 99.65%                 |
| 2023        | 0.660000    | 0.451076    | 0.208924     | 136,364,135    | 98.90%                | 99.27%                 |
| 2024        | 0.660000    | 0.428769    | 0.231231     | 152,780,511    | 100.30%               | 100.22%                |
| 2025        | 0.660000    | 0.418030    | 0.241970     | 163,120,750    | 100.79%               | 102.25%                |
| 2026        | 0.660000    | 0.442425    | 0.217575     | 170,242,323    | 98.20% <sup>(1)</sup> | 103.47% <sup>(1)</sup> |

(1) Collections as of July, 2026.

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**TABLE 5 - TEN LARGEST TAXPAYERS <sup>(1)</sup>**

| Name of Taxpayer                 | Nature of Property      | Tax Year 2025                 | % of Total                    |
|----------------------------------|-------------------------|-------------------------------|-------------------------------|
|                                  |                         | Taxable Assessed<br>Valuation | Taxable Assessed<br>Valuation |
| Prologis LP                      | Storage Facilities      | \$ 453,723,915                | 1.71%                         |
| CH AZ Wildlife 4 6 LP            | Real Estate             | 348,836,900                   | 1.32%                         |
| Oncor Electric Delivery          | Utility                 | 254,893,143                   | 0.96%                         |
| Lockheed Martin Corporation      | Defense Industry        | 237,329,510                   | 0.89%                         |
| WMC Dallas V LLC                 | Apartments              | 163,500,000                   | 0.62%                         |
| Poly Trucking Inc.               | Wholesale and Logistics | 153,869,301                   | 0.58%                         |
| Bell Textron Inc. / Textron Inc. | Manufacturing           | 138,528,185                   | 0.52%                         |
| Mars Partners LTD                | Real Estate             | 106,537,633                   | 0.40%                         |
| S2 Windridge LLC                 | Apartments              | 93,623,614                    | 0.35%                         |
| Republic Beverage                | Manufacturing           | 91,089,408                    | 0.34%                         |
|                                  |                         | <u>\$ 2,041,931,609</u>       | <u>7.70%</u>                  |

(1) Source: Dallas County Tax Assessor/Collector, Tarrant County Tax Assessor/Collector, Ellis County Tax Assessor/Collector, Dallas Central Appraisal District, Ellis Appraisal District and Tarrant Appraisal District.

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

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**TABLE 6 - ESTIMATED OVERLAPPING DEBT**

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

| Taxing Body                                                                  | 2025/2026           |                       | G.O.<br>Debt as of<br>as of 8/15/2026 | Estimated<br>%<br>Overlapping | Overlapping<br>G.O. Debt<br>as of 8/15/2026 |
|------------------------------------------------------------------------------|---------------------|-----------------------|---------------------------------------|-------------------------------|---------------------------------------------|
|                                                                              | Taxable<br>Assessed | 2025/2026<br>Tax Rate |                                       |                               |                                             |
|                                                                              | Valuation           |                       |                                       |                               |                                             |
| Arlington Independent School District                                        | \$ 38,554,154,316   | \$ 1.0929             | \$ 1,136,315,000                      | 19.80%                        | \$ 224,990,370                              |
| Cedar Hill Independent School District                                       | 5,590,705,298       | 1.1279                | 336,900,269                           | 8.63%                         | 29,074,493                                  |
| Dallas County                                                                | 431,262,097,321     | 0.2155                | 484,865,000                           | 3.37%                         | 16,339,951                                  |
| Dallas County Flood Control District #1                                      | 1,279,371,321       | 1.0000                | 12,665,000                            | 3.43%                         | 434,410                                     |
| Parkland Hospital District                                                   | 432,204,862,499     | 0.2120                | 491,780,000                           | 3.37%                         | 17,230,305                                  |
| Dallas County Community College District                                     | 442,387,293,421     | 0.1066                | 177,300,000                           | 3.37%                         | 5,975,010                                   |
| Ellis County                                                                 | 39,198,444,896      | 0.2740                | 18,535,000                            | 1.10%                         | 203,885                                     |
| Ellis County Fresh Water Supply District No. 1                               | 284,444,888         | 1.0000                | 37,955,000                            | 0.00%                         | -                                           |
| Grand Prairie Independent School District                                    | 13,393,789,439      | 1.0627                | 510,270,000                           | 86.13%                        | 439,495,551                                 |
| Irving Independent School District                                           | 22,460,318,262      | 1.0159                | 704,800,000                           | 0.90%                         | 6,343,200                                   |
| Mansfield Independent School District                                        | 22,067,654,226      | 1.1469                | 1,222,175,000                         | 12.17%                        | 148,738,698                                 |
| Midlothian Independent School District                                       | 10,801,934,989      | 1.1008                | 444,305,000                           | 3.05%                         | 13,551,303                                  |
| Tarrant County                                                               | 298,706,022,035     | 0.1862                | 283,515,000                           | 3.89%                         | 11,028,734                                  |
| Tarrant County College District                                              | 326,653,911,760     | 0.1123                | 524,040,000                           | 3.89%                         | 20,385,156                                  |
| Tarrant County Hospital District                                             | 298,547,261,465     | 0.1650                | 422,105,000                           | 3.89%                         | 16,419,885                                  |
|                                                                              |                     |                       | <u>\$ 6,807,525,269</u>               |                               | <u>\$ 950,210,948</u>                       |
| City of Grand Prairie                                                        | \$ 26,525,323,416   | \$ 0.6600             | \$ 536,126,000 <sup>(1)</sup>         | 100.00%                       | \$ 536,126,000 <sup>(1)</sup>               |
| Total Direct and Overlapping Debt                                            |                     |                       |                                       |                               | \$ 1,486,336,948                            |
| Total Direct and Overlapping Debt to City's 2025/2026 Taxable Assessed Value |                     |                       |                                       |                               | 5.60%                                       |

(1) Includes the Certificates. Preliminary, subject to change.

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## DEBT INFORMATION

**TABLE 7 - PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

| Fiscal<br>Year<br>Ending | Outstanding Debt Service |                       |                       | The Certificates <sup>(1)</sup> |                         |                      | Total<br>General<br>Obligation<br>Debt Service <sup>(1)</sup> | % of<br>Principal<br>Retired |
|--------------------------|--------------------------|-----------------------|-----------------------|---------------------------------|-------------------------|----------------------|---------------------------------------------------------------|------------------------------|
| 9/30                     | Principal                | Interest              | Total                 | Principal                       | Interest <sup>(2)</sup> | Total                |                                                               |                              |
| 2026                     | \$ 35,225,000            | \$ 19,730,584         | \$ 54,955,584         | \$ -                            | \$ -                    | \$ -                 | \$ 54,955,584                                                 |                              |
| 2027                     | 33,986,000               | 18,654,913            | 52,640,913            | 4,685,000                       | 1,500,974               | 6,185,974            | 58,826,887                                                    |                              |
| 2028                     | 32,554,000               | 17,124,515            | 49,678,515            | 980,000                         | 1,538,294               | 2,518,294            | 52,196,809                                                    |                              |
| 2029                     | 33,759,000               | 15,931,414            | 49,690,414            | 1,030,000                       | 1,485,531               | 2,515,531            | 52,205,945                                                    |                              |
| 2030                     | 33,654,000               | 14,726,350            | 48,380,350            | 1,085,000                       | 1,430,013               | 2,515,013            | 50,895,363                                                    | 30.97%                       |
| 2031                     | 34,671,000               | 13,527,986            | 48,198,986            | 1,145,000                       | 1,371,475               | 2,516,475            | 50,715,461                                                    |                              |
| 2032                     | 35,193,000               | 12,315,569            | 47,508,569            | 1,205,000                       | 1,309,788               | 2,514,788            | 50,023,357                                                    |                              |
| 2033                     | 36,639,000               | 11,075,231            | 47,714,231            | 1,270,000                       | 1,244,819               | 2,514,819            | 50,229,050                                                    |                              |
| 2034                     | 37,339,000               | 9,773,933             | 47,112,933            | 1,340,000                       | 1,176,306               | 2,516,306            | 49,629,239                                                    |                              |
| 2035                     | 33,856,000               | 8,463,530             | 42,319,530            | 1,415,000                       | 1,103,988               | 2,518,988            | 44,838,517                                                    | 63.19%                       |
| 2036                     | 33,500,000               | 7,143,555             | 40,643,555            | 1,490,000                       | 1,027,731               | 2,517,731            | 43,161,286                                                    |                              |
| 2037                     | 31,330,000               | 5,834,332             | 37,164,332            | 1,570,000                       | 947,406                 | 2,517,406            | 39,681,739                                                    |                              |
| 2038                     | 22,730,000               | 4,754,044             | 27,484,044            | 1,655,000                       | 862,750                 | 2,517,750            | 30,001,794                                                    |                              |
| 2039                     | 23,640,000               | 3,840,631             | 27,480,631            | 1,745,000                       | 773,500                 | 2,518,500            | 29,999,131                                                    |                              |
| 2040                     | 19,520,000               | 2,989,225             | 22,509,225            | 1,840,000                       | 679,394                 | 2,519,394            | 25,028,619                                                    | 87.52%                       |
| 2041                     | 20,300,000               | 2,202,208             | 22,502,208            | 1,935,000                       | 580,300                 | 2,515,300            | 25,017,508                                                    |                              |
| 2042                     | 14,955,000               | 1,456,451             | 16,411,451            | 2,040,000                       | 475,956                 | 2,515,956            | 18,927,408                                                    |                              |
| 2043                     | 14,045,000               | 776,280               | 14,821,280            | 2,150,000                       | 365,969                 | 2,515,969            | 17,337,249                                                    |                              |
| 2044                     | 6,120,000                | 287,000               | 6,407,000             | 2,255,000                       | 260,203                 | 2,515,203            | 8,922,203                                                     |                              |
| 2045                     | 2,680,000                | 67,000                | 2,747,000             | 2,355,000                       | 159,359                 | 2,514,359            | 5,261,359                                                     | 99.57%                       |
| 2046                     | -                        | -                     | -                     | 2,465,000                       | 53,922                  | 2,518,922            | 2,518,922                                                     | 100.00%                      |
|                          | <u>\$ 535,696,000</u>    | <u>\$ 170,674,751</u> | <u>\$ 706,370,751</u> | <u>\$ 35,655,000</u>            | <u>\$ 18,347,677</u>    | <u>\$ 54,002,677</u> | <u>\$ 760,373,429</u>                                         |                              |

(1) Preliminary, subject to change.

(2) Interest calculated at a market interest rate for illustration purposes only.

**TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION <sup>(1)</sup>**

|                                                                       |                |                   |
|-----------------------------------------------------------------------|----------------|-------------------|
| Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/2026 |                | \$ 54,955,584     |
| Interest and Sinking Fund Balance 9/30/2025                           | \$ 2,917,896   |                   |
| Budgeted 2026 Interest and Sinking Fund Tax Levy                      | 48,531,325     |                   |
| Budgeted 2026 Transfers in                                            | 3,803,033      |                   |
| Budgeted 2026 Investment Income                                       | <u>400,000</u> |                   |
| Total Available                                                       |                | <u>55,652,254</u> |
| Estimated Balance, Fiscal Year Ending 9/30/2026                       |                | \$ 696,670        |

(1) Source: City Staff

**TABLE 9 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

| Purpose            | Date Authorized | Authorized<br>Amount  | Amount<br>Previously<br>Issued | Amount<br>Being<br>Issued | Unissued<br>Balance   |
|--------------------|-----------------|-----------------------|--------------------------------|---------------------------|-----------------------|
| Solid Waste        | 12/08/90        | \$ 180,000            | \$ 75,000                      | \$ -                      | \$ 105,000            |
| Streets/Signal     | 11/06/01        | 56,000,000            | 55,959,773                     | -                         | 40,227                |
| Storm Drainage     | 11/06/01        | 8,200,000             | 6,576,573                      | -                         | 1,623,427             |
| Streets            | 05/02/26        | 209,500,000           | -                              | -                         | 209,500,000           |
| Public Safety      | 05/02/26        | 78,500,000            | -                              | -                         | 78,500,000            |
| Parks & Recreation | 05/02/26        | 39,000,000            | -                              | -                         | 39,000,000            |
| Total              |                 | <u>\$ 391,380,000</u> | <u>\$ 62,611,346</u>           | <u>\$ -</u>               | <u>\$ 328,768,654</u> |

**ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT.** . . The City anticipates issuing approximately \$30 - \$40 million of general obligation debt within the next twelve to eighteen months.

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

**RETIREMENT PLAN.** . . The City participates as one of 940 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

All eligible employees of the City are required to participate in TMRS.

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

| Fiscal Year | Net Assets Available for Benefits | Pension Benefit Obligation | Percentage Funded | Unfunded Pension Benefit Obligation | Annual Covered Payroll | Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll |
|-------------|-----------------------------------|----------------------------|-------------------|-------------------------------------|------------------------|------------------------------------------------------------------------|
| 2021        | \$ 592,761,104                    | \$ 647,637,265             | 91.53%            | \$ 54,876,161                       | \$ 100,628,856         | 54.53%                                                                 |
| 2022        | 665,510,903                       | 689,939,789                | 96.46%            | 24,428,886                          | 106,086,747            | 23.03%                                                                 |
| 2023        | 679,943,827                       | 733,579,517                | 92.69%            | 53,635,692                          | 112,492,320            | 47.68%                                                                 |
| 2024        | 756,011,138                       | 778,883,252                | 97.06%            | 22,872,114                          | 126,319,860            | 18.11%                                                                 |
| 2025        | 826,045,620                       | 834,284,981                | 99.01%            | 8,239,361                           | 136,735,063            | 6.03%                                                                  |

For further details regarding the most recent information for the City's retirement plan, please refer to Note J of the City's 2025 Annual Comprehensive Financial Report. See Appendix B – "Excerpts from the City's Annual Comprehensive Financial Report".

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

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

The City recognizes its share of the costs of providing these benefits when paid, on a "pay-as-you-go" basis. These payments are budgeted annually. In fiscal 2017/2018, the City implemented GASB Statement No. 75 *"Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions."* The City has performed an actuarial valuation of its post-retirement benefit liability. It has engaged an independent actuarial firm to prepare a valuation. The City reviewed the study and plans to comply with legal requirements to perform additional studies in the future at the required intervals. The actuarial liability is estimated at \$70,458,717 at September 30, 2025.

For further details regarding the City's OPEB benefits, please refer to Note K of the City's 2025 Annual Comprehensive Financial Report. See Appendix B – "Excerpts from the City's Annual Comprehensive Financial Report".

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**TABLE 10 - CHANGE IN NET POSITION**

|                                           | Fiscal Year Ending, September 30, |                       |                       |                       |                       |
|-------------------------------------------|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                           | 2025                              | 2024                  | 2023                  | 2022                  | 2021                  |
| <b>Revenues</b>                           |                                   |                       |                       |                       |                       |
| Fees, Fines and Charges for Services      | \$ 76,838,674                     | \$ 62,981,998         | \$ 57,995,305         | \$ 58,170,644         | \$ 50,828,628         |
| Operating Grants and Contributions        | 68,024,808                        | 62,005,076            | 53,872,349            | 48,357,006            | 45,398,240            |
| Capital Grants and Contributions          | 11,140,350                        | 13,072,948            | 25,022,416            | 10,088,804            | 6,974,967             |
| General Revenues:                         |                                   |                       |                       |                       |                       |
| Property Taxes                            | \$ 163,815,374                    | \$ 155,796,752        | \$ 139,289,758        | \$ 120,270,539        | \$ 113,824,809        |
| Sales Taxes                               | 99,057,622                        | 98,140,124            | 95,821,700            | 93,977,609            | 80,187,852            |
| Other Taxes and Assessments               | 7,260,419                         | 4,588,224             | 3,985,044             | 3,584,865             | 2,366,924             |
| Franchise Fees                            | 15,958,788                        | 15,749,721            | 15,908,189            | 15,030,726            | 14,022,362            |
| Investment Income                         | 8,663,229                         | 30,925,253            | 18,416,817            | (9,271,537)           | 333,285               |
| Other                                     | 1,762,131                         | -                     | -                     | -                     | -                     |
| Total Revenues                            | \$ 452,521,395                    | \$ 443,260,096        | \$ 410,311,578        | \$ 340,208,656        | \$ 313,937,067        |
| <b>Expenses</b>                           |                                   |                       |                       |                       |                       |
| Support Services                          | \$ 51,371,938                     | \$ 43,931,965         | \$ 36,361,373         | \$ 42,577,765         | \$ 31,880,593         |
| Public Safety                             | 144,351,640                       | 121,154,824           | 97,434,247            | 150,998,097           | 105,285,879           |
| Recreation and Leisure                    | 56,541,791                        | 48,149,627            | 45,307,845            | 47,995,577            | 35,162,022            |
| Development and Other Services            | 153,437,626                       | 135,874,006           | 130,343,675           | 129,085,968           | 109,073,042           |
| Interest on Long-Term Debt                | 16,908,636                        | 19,307,505            | 17,243,831            | 14,495,589            | 14,004,156            |
|                                           | \$ 422,611,631                    | \$ 368,417,927        | \$ 326,690,971        | \$ 385,152,996        | \$ 295,405,692        |
| Increase in net position before transfers | \$ 29,909,764                     | \$ 74,842,169         | \$ 83,620,607         | \$ (44,944,340)       | \$ 18,531,375         |
| Transfers, net                            | 5,995,188                         | 6,062,482             | 7,528,038             | (929,550)             | 1,889,338             |
| Increase (decrease) in Net Position       | \$ 35,904,952                     | \$ 80,904,651         | \$ 91,148,645         | \$ (45,873,890)       | \$ 20,420,713         |
| Net position - beginning                  | 542,680,324                       | 461,775,673           | 370,627,028           | 416,500,918           | 396,080,205           |
| <b>Net position - ending</b>              | <b>\$ 578,585,276</b>             | <b>\$ 542,680,324</b> | <b>\$ 461,775,673</b> | <b>\$ 370,627,028</b> | <b>\$ 416,500,918</b> |

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**TABLE 11 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

|                                     | Fiscal Year Ended September 30, |                |                |                              |                |
|-------------------------------------|---------------------------------|----------------|----------------|------------------------------|----------------|
|                                     | 2025                            | 2024           | 2023           | 2022                         | 2021           |
| Revenues:                           |                                 |                |                |                              |                |
| Property Taxes                      | \$ 93,811,420                   | \$ 93,880,412  | \$ 89,031,628  | \$ 76,978,418                | \$ 74,535,565  |
| Sales Taxes                         | 49,148,667                      | 48,258,848     | 48,040,231     | 46,306,003                   | 39,760,993     |
| Franchise Fees                      | 15,958,788                      | 15,749,721     | 15,908,189     | 15,030,726                   | 14,022,362     |
| Charges for Services                | 8,410,986                       | 5,843,994      | 6,402,057      | 6,330,214                    | 6,069,457      |
| Fines and Forfeitures               | 6,436,166                       | 5,663,307      | 5,096,926      | 5,365,427                    | 5,735,005      |
| Licenses and Permits                | 3,608,611                       | 3,272,748      | 3,333,840      | 3,912,829                    | 4,022,506      |
| Interest                            | (5,311,109)                     | 17,069,945     | 17,804,271     | (9,358,717)                  | 324,216        |
| Other                               | 16,617,037                      | 14,226,859     | 9,839,852      | 9,695,147                    | 9,464,797      |
| Total Revenues                      | \$ 188,680,566                  | \$ 203,965,834 | \$ 195,456,994 | \$ 154,260,047               | \$ 153,934,901 |
| Expenditures:                       |                                 |                |                |                              |                |
| Administrative Services             | \$ 40,770,410                   | \$ 40,060,273  | \$ 34,918,100  | \$ 37,794,625                | \$ 25,447,161  |
| Public Safety Services              | 114,083,289                     | 110,208,780    | 101,908,130    | 141,209,072                  | 91,727,323     |
| Development Service and Other       | 17,224,968                      | 16,877,577     | 18,365,154     | 20,653,720                   | 12,595,116     |
| Recreation and Leisure Services     | 3,784,023                       | 3,773,341      | -              | 9,698,425                    | 2,860,342      |
| Debt Service                        | 1,308,501                       | 2,212,934      | 1,656,879      | 1,377,527                    | -              |
| Capital Outlays                     | 2,135,986                       | 2,067,163      | 1,676,374      | 6,725,441                    | 622,879        |
| Total Expenditures                  | \$ 179,307,177                  | \$ 175,200,068 | \$ 158,524,637 | \$ 217,458,810               | \$ 133,252,821 |
| Excess (Deficiency) of Revenues     |                                 |                |                |                              |                |
| Over Expenditures                   | \$ 9,373,389                    | \$ 28,765,766  | \$ 36,932,357  | \$ (63,198,763)              | \$ 20,682,080  |
| Transfer in (Out) Net               | (9,524,355)                     | (16,529,306)   | (17,243,172)   | (32,635,834)                 | (33,150,756)   |
| Proceeds for sale of capital assets | 2,586,917                       | 1,838,395      | 1,597,203      | 1,874,382                    | 1,826,620      |
| Proceeds from Lease arrangements    | 1,442,313                       | -              | 2,195,452      | 5,016,328                    | -              |
| Proceeds from Bonds Issuance        | -                               | -              | -              | 77,515,000                   | -              |
| Beginning Fund Balance              | 76,134,182                      | 62,059,327     | 38,577,487     | 50,006,374                   | 60,648,430     |
| Prior period adjustments            | -                               | -              | -              | -                            | -              |
| Ending Fund Balance                 | \$ 80,012,446                   | \$ 76,134,182  | \$ 62,059,327  | \$ 38,577,487 <sup>(1)</sup> | \$ 50,006,374  |

- (1) The General Fund balance for the Fiscal Year ended September 30, 2022 decreased from the prior Fiscal Year due in part to (i) an unrealized investment loss of approximately \$9.4 million relating to rising interest rates, which necessitated a non-cash year-end audit entry, and (ii) a one-time accounting entry relating to the issuance of the City's General Obligation Pension Bonds, Taxable Series 2022 in such Fiscal Year. As the unrealized investment loss related to the valuation of fixed income investments that the City does not intend to sell, the City does not expect to realize any actual loss with respect to these investments.

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**TABLE 12 - MUNICIPAL SALES TAX HISTORY**

The City imposes and levies a one percent (1%) local sales and use tax within the City pursuant to the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Additionally, the City imposes and levies various local sales and use taxes for specific purposes, in the aggregate amount of one percent (1%), as described below in “DEBT INFORMATION—Sales Tax Elections.” Collections and enforcements are administered through the offices of the State Comptroller, who remits the proceeds of the tax to the City monthly, after deduction of a 2% service fee.

| Fiscal Year<br>Ended 9/30 | City         | Parks & Rec.  | Streets       | Community<br>Policing | EPIC          | Total                     | Equivalent of<br>Total Ad<br>Valorem Tax<br>Rate |
|---------------------------|--------------|---------------|---------------|-----------------------|---------------|---------------------------|--------------------------------------------------|
| 2022                      | \$46,545,263 | \$ 11,656,316 | \$ 11,656,316 | \$ 11,568,075         | \$ 11,656,316 | \$ 93,082,286             | \$ 0.2568                                        |
| 2023                      | 47,962,394   | 11,990,598    | 11,990,598    | 11,965,133            | 11,990,598    | 95,899,321                | 0.2287                                           |
| 2024                      | 48,463,911   | 12,115,998    | 12,115,998    | 12,041,282            | 12,115,998    | 96,853,187                | 0.2059                                           |
| 2025                      | 48,808,768   | 12,202,192    | 12,202,192    | 12,103,653            | 12,202,192    | 97,518,997                | 0.1962                                           |
| 2026                      | 42,471,598   | 10,617,900    | 10,617,900    | 10,265,643            | 10,617,900    | 84,590,940 <sup>(1)</sup> | 0.0831                                           |

(1) Collections through July, 2026 on a cash basis.

### SALES TAX ELECTIONS

The voters approved a one-fourth cent (1/4 cent) local sales and use tax rate (“Parks & Rec Sales Tax”) at an election held on November 2, 1999 under Section 334.021 of Chapter 334, Local Government Code as amended (“Chapter 334”). The additional sales tax receipts are used exclusively for costs associated with the municipal parks and recreation system as defined in Section 334.001(4)(D) of Chapter 334. The City began collecting the tax in April 2000. The Parks and Rec Sales Tax is not pledged to nor available for payment on the Certificates.

The voters approved a one-fourth cent (1/4 cent) local sales and use tax rate (the “Street Repair Sales Tax”) at an election held on November 6, 2001 under Chapter 327 Subtitle C, Title 3, Tax Code, which is used exclusively for street repair maintenance. The Street Repair Sales Tax was reauthorized in May 2009, in May 2017 and again in May 2025 for 8 years. The Street Repair Sales Tax is not pledged to nor available for payment of the Certificates.

On May 12, 2007 voters approved a half cent sales tax to be utilized in a 1/4 cent and two 1/8 cent increments for the following projects:

- A one-fourth cent (1/4 cent) local sales and use tax under Section 363.054, Local Government Code (“Crime Control Sales Tax”) for a crime control and prevention district (“Community Policing District”) to fund a new police center.
- A one-eighth cent (1/8 cent) local sales and use tax (“Senior Center Tax”) for a new Senior Center.
- A one-eighth cent (1/8 cent) local sales and use tax (“Baseball Stadium Tax”) for a minor league baseball stadium.

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

At an election held on May 10, 2014, voters abolished the Senior Center Tax and the Baseball Stadium Tax, effective September 30, 2015, and adopted a new additional 1/4 cent city sales and use tax for the City’s EPIC project (the “Central Park Sales Tax”) as permitted under the provisions of Chapter 334, Local Government Code, effective October 1, 2015. The Central Park Sales Tax receipts are used to pay the costs associated with the City’s EPIC project. The City began collecting the tax on October 1, 2015. The Crime Control Sales Tax and the Central Park Sales Tax is not pledged to nor available for payment of the Certificates.

At an election on November 3, 2020, the Crime Control Sales Tax for the Community Policing District was reauthorized for a period of ten years. Such sales tax is not pledged or available for payment of the Certificates.

During fiscal year 2008, the Texas Comptroller of Public Accounts notified the City of an error in sales tax payments made to the City. The error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller over several years. The overpayment by the business resulted in an overpayment to the City for \$2,386,466. In 2012, a liability for this amount was recorded by the City and is repaid from future sales tax revenue over a period of thirteen years. During fiscal year 2022, the Texas Comptroller of Public Accounts notified the City of an error in sales tax payments made to the City. The error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller over several years. The overpayment by the business resulted in an overpayment to the City for \$3,108,638. In 2022, a liability for this amount was recorded by the City and is repaid from future sales tax revenue over a period of six years. As of September 30, 2025, the total liability equaled \$1,072,322.

## DEVELOPMENT FEES

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

| FYE                 | Impact Fee Revenues |            |
|---------------------|---------------------|------------|
|                     | Water               | Wastewater |
| 2022                | 2,987,043           | 1,125,659  |
| 2023                | 2,545,603           | 905,136    |
| 2024                | 1,751,316           | 659,659    |
| 2025                | 2,214,956           | 1,026,454  |
| 2026 <sup>(1)</sup> | 1,569,701           | 685,593    |

(1) YTD as of July, 2026

The City created a storm water utility under the Texas Municipal Drainage Utility Systems Act, Subchapter C of Chapter 552, Texas Local Government Code, as amended. Such Act provides for the creation of a storm water utility to provide storm water services including planning, operations, maintenance, and capital improvements for storm water runoff. Such Act also provides for collection of user fees based on storm water runoff volumes.

## COMPENSATED ABSENCES

The City's accrued unfunded compensated absences liability is approximately \$34,508,379 as of September 30, 2025.

## RISK MANAGEMENT

Property, liability, safety, workers' compensation and health and wellness insurance are accounted for in the Risk Management Fund, an internal service fund. Net expenses of these programs in property was \$4,562,569 and \$1,271,179 for employee health and wellness insurance.

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

The operating funds are charged premiums for property, liability, workers' compensation and employee health coverage by the Risk Management Fund. Employees pay for dependent health coverage independently. The incurred but unreported claims for these programs as of September 30, 2025 were \$5,286,230.

The City allows retired employees to continue participating in its group health insurance program after retirement with all premiums paid by the retirees. For further details see Note I of Appendix B – "Excerpts from the City's Annual Comprehensive Financial Report".

## FINANCIAL MANAGEMENT POLICIES

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

The policies which are reviewed annually to address the following subjects: accounting, auditing and financial reporting, internal controls, operating budget, capital budget and program, revenue management, expenditure control, asset management, financial condition and reserves, debt management, and staffing and training. Significant issues addressed by the policies include the following:

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

**GENERAL FUND BALANCE . . .** The City Council has adopted a financial policy to maintain a minimum unassigned fund balance of 50 to 60 days of the budgeted General Fund expenditures.

**DEBT SERVICE FUND BALANCE . . .** The City's policy is to maintain balances of no greater than one month of principal and interest requirements except that the City's combined water and wastewater system revenue bond policy and bond ordinance requirement are

to maintain revenue supported debt service reserves at the level of the average annual debt service plus an amount accrued for the next debt service payment.

**USE OF BOND PROCEEDS, GRANTS, ETC . . .** The City's policy is to use bond proceeds only for major capital assets with expected lives which equal or exceed the average life of the debt issue.

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

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

## INVESTMENTS

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

**LEGAL INVESTMENTS . . .** Under State law and subject to certain limitations, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized U.S. government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The City may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the City may not invest more than 15 percent of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

**INVESTMENT POLICIES . . .** Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

**THE CITY'S INVESTMENT POLICIES . . .** The Director of Finance serves as the City's chief investment officer. The Assistant Finance Director and Treasury Administrator serve as additional investment officers. The Director of Finance is responsible for the City's comprehensive cash management program, including the administration of the Investment Policies. The Director of Finance is responsible for considering the quality and capability of staff involved in investment management and procedures. The Director of

Finance is responsible for authorizing investments and the Assistant Finance Director accounts for investments and pledged collateral in order to maintain appropriate internal controls. The Assistant Finance Director is responsible for ensuring the investments are recorded in the City's books of accounts. The Internal Audit staff audits records quarterly and the external auditors review, in conjunction with the annual financial audit, management controls on investments and adherence to policy as required by law. On January 20, 2026, the City Council approved and readopted the Investment Policies. City policy requires investments in accordance with applicable State law, specifically the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, (the "PFIA"). The City's Investment Policy does not permit the investment of City funds in all eligible investments permitted by State law. Furthermore, this policy specifically prohibits investment in the following investment securities.

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years.
4. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

**INVESTMENT COMMITTEE** . . .An Investment Committee consisting of the Treasury Administrator, Assistant Finance Director, Director of Finance, Director of Management Services, and Deputy City Manager meet as frequently as necessary to review the City's investment portfolio. The committee also meets as necessary to review, revise, and adopt the list of qualified broker/dealers that are authorized to engage in investment transactions with the City and approve the list of independent training sources.

Any three of the five Investment Committee members constitute a quorum. The Assistant Finance Director serves as chairman of the committee and maintains a written record of investment committee meetings.

#### **TABLE 13 - CURRENT INVESTMENTS**

As of June 30, 2026, the City's investable funds were invested in the following categories:

| Type of Investment                            | Book Value            | Percentage     |
|-----------------------------------------------|-----------------------|----------------|
| Demand Deposit Accounts                       | \$ 8,476,610          | 1.28%          |
| Local Government Pools and Money Market Funds | 200,305,731           | 30.15%         |
| Financial Institution Certificates of Deposit | 68,849,796            | 10.36%         |
| Federal, State & Local Government Securities  | 386,828,103           | 58.22%         |
|                                               | <u>\$ 664,460,240</u> | <u>100.00%</u> |

#### **TAX MATTERS**

**TAX EXEMPTION** . . .The delivery of the Certificates is subject to the opinion of Bond Counsel to the effect that interest on the Certificates for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The form of Bond Counsel's opinion relating to the Certificates is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Certificates pertaining to the use, expenditure, and investment of the proceeds of the Certificates and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Certificates. The Certificate Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Certificates and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Certificates are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Certificates to be includable in the gross income of the owners thereof from the date of the issuance of the Certificates.

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

of the Certificates. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit, regardless of its ultimate outcome.

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

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Certificates. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Certificates.

Existing law may change to reduce or eliminate the benefit to holders of the Certificates of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed or future changes in tax law.

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

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

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

The purchase price of certain Certificates (the "Premium Certificates") paid by an owner may be greater than the amount payable on such Certificates at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Certificate over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Certificate in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to

maturity (or, in some cases with respect to a callable Certificate, the yield based on a call date that results in the lowest yield on the Certificate).

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

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Ordinance, the City has made the following agreement for the benefit of the registered and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain events, to the Municipal Securities Rulemaking Board (the "MSRB").

**ANNUAL REPORTS . . .** The City will provide annually to the MSRB (1) within six months after the end of each fiscal year ending in and after 2026, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 5 and 7 through 13 and (2) within twelve months after the end of each fiscal year ending in and after 2026, audited financial statements of the City, if available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in Appendix B, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Website or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12, as amended (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data.

**NOTICE OF CERTAIN EVENTS . . .** The City will provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above under "- Annual Reports."

For these purposes, (A) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City, (B) for the purposes of any event described in the immediately preceding clauses (15) and (16), the term "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule, and (C) the City intends

the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

**AVAILABILITY OF INFORMATION . . .** The City has agreed to provide the foregoing financial and operating information only as described above. Investors may access continuing disclosure information filed with the MSRB free of charge via the Electronic Municipal Market Access ("EMMA") system at [www.emma.msrb.org](http://www.emma.msrb.org).

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

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

**COMPLIANCE WITH PRIOR UNDERTAKINGS . . .** On January 4, 2024, Fitch upgraded the City's Sales Tax Revenue Bonds, Taxable Series 2015 and Sales Tax Revenue Refunding Bonds, Taxable Series 2022 to "AA+" from "AA". On January 22, 2024, notice of such rating change was filed with EMMA. Except for such event, during the last five years, the City believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

## **OTHER INFORMATION**

### **RATINGS**

The Certificates and certain of the presently outstanding tax supported debt have been rated "AAA" by S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P") without regard to credit enhancement. Certain of the presently outstanding tax supported debt of the City is rated "AA+" by Fitch Ratings, Inc. ("Fitch"). In connection with the issuance of the Certificates, the City is not seeking a rating from Fitch. An explanation of the significance of such ratings may be obtained from the companies furnishing the ratings. The ratings reflect only the views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating companies, if in the judgment of such companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

### **LITIGATION**

City staff believes there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

### **REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE**

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

## **LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Government Code, as amended) provides that the Certificates are negotiable instruments, investment securities governed by Chapter 8, Business and Commerce Code, as amended, and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Certificates be assigned a rating of not less than “A” or its equivalent as to investment quality by a national rating agency. See “OTHER INFORMATION – Ratings” above. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of two million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states. No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes.

The City made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Certificates for such purposes.

## **LEGAL MATTERS**

The City will furnish to the Underwriters a complete transcript of proceedings had incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificate and to the effect that the Certificates are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under “TAX MATTERS” herein. Bond Counsel was not requested to participate, and did not take part, in the preparation of this Official Statement and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions “PLAN OF FINANCING – Purpose”, “THE CERTIFICATES” (except for the information under the subcaptions “Book-Entry-Only System,” “Certificateholders’ Remedies” and the last two sentences under “Tax Rate Limitation”), “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” (except for the information under the subcaption “Compliance with Prior Undertakings”), and the subcaptions “Registration and Qualification of Certificates for Sale,” “Legal Investments and Eligibility to Secure Public Funds in Texas” and “Legal Matters” (except for the last three sentences of the first paragraph thereof) under the caption “OTHER INFORMATION” in this Official Statement and such firm is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the provisions of the Certificate Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. The legal opinion will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System. Additionally, certain legal matters will be passed upon for the City by West & Associates, L.L.P., Dallas, Texas, Disclosure Counsel to the City. The legal fees to be paid Disclosure Counsel for services rendered in connection with the issuance of the Certificates are contingent on the sale and delivery of the Certificates. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, counsel to the Underwriters.

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

## **CYBERSECURITY**

The City has taken several steps to enhance and protect information systems and information of the City. The City's dedicated Chief Information Officer is certified in cybersecurity matters and responsible for carrying out information security responsibilities. Some of the City's security operations include regular staff cyber training, periodic system tests and audits, authorizing information access commensurate with classification level and sensitivity, and routine replacement of software and related information equipment. In addition, to help protect the City against claims and expenses due to a cybersecurity incident, the City maintains cyber insurance. The City prioritizes the ability to identify, protect, detect, respond and recover from cyber events and incidents from nation state actors, organized criminals, hactivist groups and insider threats.

## **WEATHER EVENTS**

All of the State, including the City, is subject to extreme weather events that can cause loss of life and damage to property through strong winds, wildfires, hurricanes, tropical storms, flooding, heavy rains and freezes. If a future weather event significantly damages all or part of the properties comprising the tax base within the City, the assessed value of property within the City could be substantially reduced, which could result in a decrease in tax revenue and/or necessitate an increase in the City's tax rate. There can be no assurance that a casualty loss to taxable property within the City will be covered by insurance (or that property owners will carry flood or the appropriate, applicable other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds or that insurance proceeds will be used to rebuild or repay any damaged improvements within the City or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the City could be adversely affected.

## **AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION**

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

## **MUNICIPAL ADVISOR**

HilltopSecurities is employed as Municipal Advisor to the City in connection with the issuance of the Certificates. The Municipal Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. HilltopSecurities, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

## **UNDERWRITERS**

The Underwriters have agreed, subject to certain conditions, to purchase the Certificates from the City, at a purchase price of \$\_\_\_\_\_ (representing the principal amount of the Certificates, plus a reoffering premium of \$\_\_\_\_\_, less an underwriting discount of \$\_\_\_\_\_). The Underwriters will be obligated to purchase all of the Certificates if any Certificates are purchased. The Certificates to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Certificates into investment trusts) at prices lower than the public offering prices of such Certificates, and such public offering prices may be changed, from time to time, by the Underwriters.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and the Certificates are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

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

## **FORWARD-LOOKING STATEMENTS DISCLAIMER**

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

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers,

business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

#### **MISCELLANEOUS**

In the Pricing Certificate, the Pricing Officer will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Certificates by the Underwriters.

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Pricing Officer  
City of Grand Prairie, Texas

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## **APPENDIX A**

### GENERAL INFORMATION REGARDING THE CITY

## **THE CITY**

### **LOCATION**

The City of Grand Prairie, Texas (the “City”), is centrally located amid the estimated 6 million people in the Dallas/Fort Worth Area. The City stretches 25 miles long by about eight miles at its widest point. The City covers approximately 84 square miles.

The City’s recent annexation of land in our ETJ, south US 287 in Ellis and Johnson Counties paves the way for Goodland, a 5,000-acre master-planned community that is transforming our southern boundary. Goodland will feature more than 15,000 homes alongside shops, restaurants, schools, and event venues, ultimately adding approximately 50,000 new residents to our City. One of the nation’s largest data center campuses will soon be built in the area. To support the growth, the City is incorporating key infrastructure upgrades, including the new Fire Station 11 on Davis Street.

Additionally, Goodland Parkway opened in 2026, connecting the Goodland community to Grand Prairie via Tollway 360 and US 287.

### **TRANSPORTATION**

The City has access to four major interstate highway systems - I-20, I-30, I-35 & I-45 - five state highway systems - SH 360, SH 180, SH 303, SH 161, Loop 12 - and U.S. 287 all run through the City, or are within 15-30 minutes of the City’s boundaries.

- IH 20: an eight-lane east-west expressway that passes through south of the City, linking the City to Dallas and Fort Worth. West of Fort Worth, IH 20 leads to Abilene and Odessa. Eastward destinations on IH 20 are Tyler, Longview and Shreveport, Louisiana.
- IH 30: a six-lane east-west expressway that passes through north of the City and also links the City to Dallas and Fort Worth. IH 30 links to IH 20 in west Fort Worth. Eastward destinations on IH 30 are Greenville, Texarkana and Arkansas.
- SH 360: a six-lane north-south expressway running along the western edge of the city, a key route to Dallas-Fort Worth International Airport.
- President George Bush Turnpike: a four and six-lane north-south tollway runs 10.5 miles through Grand Prairie from the northern City limits to I-20.
- US 287: runs through the southern portion of Grand Prairie, primarily in Ellis County near Midlothian and Mansfield area.

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

The Dallas/Fort Worth International Airport (“DFW Airport”) lies about five miles north of the City’s northern border. In 2025, Airports Council International (“ACI”) ranked DFW Airport second among United States airports and fourth globally for total number of aircraft operations. In 2025, the ACI report ranked DFW Airport third globally and domestically for passengers. In 2025, DFW served 85.66 million passengers and provided service to 193 domestic and 73 international destinations ([www.dfwairport.com](http://www.dfwairport.com)).

### **POPULATION**

The City’s estimated population for 2026 is 215,210. From the 2010 U.S. Census to the 2020 U.S. Census, the City's population increased from 175,396 to 196,100 or 12 percent.

### **DEMOGRAPHICS**

2020 U.S. Census estimates of the City Non-Hispanic population breakdown were 60.8 percent white, 23.1 percent black, 6.9 percent Asian and Pacific Islander, 0.2 percent American Indian, 0.9 percent other; Hispanic of any race comprises 48.7% of the population.

Age distribution estimates of residents, according to the 2020 U.S. Census, are 67.2 percent ages 21 and older, 10.1 percent older than 65, and 28.5 percent younger than 18.

### **INDUSTRIAL BASE**

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

## INDUSTRY PROFILE

| Industry                                      | Percent of Total gross sales |
|-----------------------------------------------|------------------------------|
| Wholesale Trade                               | 27.72%                       |
| Manufacturing                                 | 26.16%                       |
| Retail Trade                                  | 21.41%                       |
| Construction                                  | 15.41%                       |
| Accommodation/Food Services                   | 3.37%                        |
| Transportation/Warehousing                    | 0.21%                        |
| Admin/Support/Waste Mgmt/Remediation Services | 1.00%                        |
| Other Services (except Public Administration) | 1.75%                        |
| Real Estate/Rental/Leasing                    | 1.07%                        |
| Arts/Entertainment/Recreation                 | 0.79%                        |
| Professional/Scientific/Technical Services    | 0.41%                        |
| Educational Services                          | 0.24%                        |
| Finance/Insurance                             | 0.21%                        |
| Other                                         | 0.01%                        |
| Information                                   | 0.17%                        |
| Health Care/Social Assistance                 | 0.08%                        |

Source: Texas State Comptroller.

## LABOR FORCE

|                      | June    | Average Annual |         |         |         |         |
|----------------------|---------|----------------|---------|---------|---------|---------|
|                      | 2026    | 2025           | 2024    | 2023    | 2022    | 2021    |
| Civilian Labor Force | 110,541 | 110,273        | 109,099 | 108,545 | 105,719 | 102,076 |
| Employed             | 105,235 | 105,708        | 104,548 | 104,420 | 101,683 | 96,337  |
| Unemployed           | 5,306   | 4,565          | 4,551   | 4,125   | 4,036   | 5,739   |
| % of Unemployed      | 4.80%   | 4.14%          | 4.17%   | 3.80%   | 3.82%   | 5.62%   |

Source: Texas Workforce Commission.

## TOP TEN EMPLOYERS

| Company                                   | Product-Service                                                          | Estimated Employees |
|-------------------------------------------|--------------------------------------------------------------------------|---------------------|
| Lockheed Martin Missiles and Fire Control | Research and Development in the Physical, Engineering, and Life Sciences | 5,000               |
| Grand Prairie Independent School District | Administration of Education Programs                                     | 4,198               |
| Poly-America Inc.                         | Unsupported Plastics Film and Sheet (except Packaging) Manufacturing     | 2,700               |
| City of Grand Prairie                     | Public Administration                                                    | 1,748               |
| Flex-N-Gate                               | Auto Accessory Manufacturing                                             | 1,400               |
| Siemens Energy & Automation               | Switchgear and Switchboard Apparatus Manufacturing                       | 1,200               |
| Lear Seating                              | Manufacturing                                                            | 1,105               |
| Rinker Materials, a Quikrete Company      | Concrete Pipe Manufacturing                                              | 950                 |
| Lone Star Park at Grand Prairie           | Racetracks                                                               | 950                 |
| K & N Filters                             | Air Filter Manufacturer                                                  | 800                 |

Source: City's Annual Comprehensive Financial Report for Fiscal Year Ended September 30, 2025.

## RECREATION

Recreational facilities include the 7,500-acre Joe Pool Lake, championship level Tangle Ridge Golf Course, Lone Star Park at Grand Prairie, Epic Waters Indoor Water Park, and 57 public parks and open spaces, including 2,852 acres of developed parkland and 3,448 acres across seven lake parks surrounding Joe Pool Lake. Parks, Arts and Recreation facilities include an extreme skate park, four multipurpose recreation centers, an active adult center, three indoor pools, three outdoor pools, five football, soccer, softball and baseball complexes, two golf courses, 14 tennis courts, an all-inclusive playground, three linear parks, and three developed lake parks at Joe Pool Lake. The City's parks system includes more than 45 athletic fields supporting a variety of youth and adult recreational programs

EpicCentral is a 172-acre park located off Highway 161. It features Epic Waters Indoor Water Park, The Epic mega-recreation center, Andretti Indoor Karting and Games, The Epic Black Box Theater, PlayGrand Adventures all-access playground, the Summit Active Adult Center, Prairie Paws Animal Shelter, Central Bark Dog Park, Illuvia water and light show, Bolder Adventure Indoor Adventure Park, Top Golf and Main Event Entertainment. In 2023, two conference hotels and parking garage were completed, including on-land interactive experiences, unique programming, and ever-changing rotation of entertainment.

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

Lone Star Park at Grand Prairie is one of three Class 1 horse-racing tracks in Texas and includes a world class racebook and simulcast facility.

The following professional sports teams have home games within 5-25 minute commutes from the City: the Dallas Cowboys of the National Football League, the Texas Rangers of Major League Baseball, the Dallas Mavericks of the National Basketball Association, the Dallas Stars of the National Hockey League, and the FC Dallas of Major League Soccer.

NCAA-event, Division I schools in close proximity to the City include Southern Methodist University in Dallas, Texas Christian University in Fort Worth, and University of Texas Arlington.

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

---

Source: City of Grand Prairie Parks, Art, and Recreation Department; Visit Grand Prairie; Grand Prairie Chamber of Commerce.

## EDUCATION

Seven public universities and eight independent universities, including health related education facilities, in the region totaled enrollment of 300,059 in 2024 (source: Texas Higher Education Coordinating Board). The universities, among them University of Texas campuses (Arlington and Dallas), offer programs from engineering to business and degrees from bachelor's to medical doctorates.

The Dallas and Tarrant counties public community colleges - the nearest of them Mountain View in Dallas, North Lake in Irving, Cedar Valley in Lancaster, the Southeast campus of Tarrant County College in Arlington, and El Centro in Dallas – totaled 264,818 of enrollment in 2024 (source: Texas Higher Education Coordinating Board). Additionally, three technically oriented post-secondary schools are within 30 minutes of the City.

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

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

GPISD comprises 19 elementary schools, 6 middle schools, 5 high schools, 2 grades 6-12 campuses, 2 grades Pre-K-8 campuses, 1 grades 1-8 campuses and 1 disciplinary alternative education school. Students whose residences are on the Dallas County side of the City attend GPISD.

Students residing in the Tarrant County portion of Grand Prairie are served by AISD. The district operates 13 senior high schools, 10 junior high schools, and 53 elementary schools. Seven AISD elementary schools are located within Grand Prairie's city limits, while AISD does not operate any junior high or high schools within the City.

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Source: Texas Higher Education Coordinating Board; Dallas Community College District; Tarrant County College District; Arlington Independent School District; Grand Prairie Independent School District; Municipal Advisory Council of Texas.

## **APPENDIX B**

### EXCERPTS FROM THE CITY OF GRAND PRAIRIE, TEXAS ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2025

The information contained in this Appendix consists of excerpts from the City of Grand Prairie, Texas Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2025 (the "Report") and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

The information contained in this Appendix is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the filing of this Appendix does not, under any circumstances, imply that there has been no change in the affairs of the City since the specified date as of which such information is provided. The historical information set forth in this Appendix is not necessarily indicative of future results or performance due to various factors, including those discussed in the Official Statement.

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# CITY OF GRAND PRAIRIE, TEXAS ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2025



Grand Prairie  
— T E X A S —



# City of Grand Prairie, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended

September 30, 2025

Prepared By the Finance Department



**Ron Jensen**  
Mayor

**William A. Hills**  
City Manager

**Cheryl DeLeon**  
Deputy City Manager

**Susan Sanders**  
Director of Finance



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Annual Comprehensive Financial Report  
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# **Introductory Section**



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March 3, 2026

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

The Annual Comprehensive Financial Report of the City of Grand Prairie (the City) for the fiscal year ending September 30, 2025, is hereby submitted as mandated by local ordinances and state statutes. These ordinances and regulations require that the City issue an annual report on its financial position and activity, and that an independent firm of certified public accountants audits this report.

Management is responsible for the data's accuracy and the presentation's completeness and fairness, including all disclosures. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse, and for the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All disclosures necessary to enable the reader to understand the City's financial activities have been included.

The City Council selected the firm of Weaver and Tidwell, L.L.P., Certified Public Accountants, to audit these financial statements in accordance with auditing standards generally accepted in the United States of America. The independent auditor has issued an unmodified ("clean") opinion on the City's financial statements for the year ended September 30, 2025. The auditor's report is located at the front of the financial section of this report.

Management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report.

The City is also required to undergo audits in accordance with the auditing standards issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). These audits are conducted simultaneously with the City's annual financial statement audit. Information related to these audits, including the auditors' reports on the internal control structure; the City's compliance with specific provisions of laws, regulations, contracts, grant agreements, and other matters; and the schedules of federal and state financial assistance and the auditors' findings and recommendations are not included in this report, but may be obtained by contacting the City's Finance Department.

## **Early History of the City**

Early settlers were drawn to the area by a series of Republic of Texas land grants offered by investors in 1841. In 1861, Alexander MacRae Dechman, living in Birdville, learned he could trade his wagon and oxen for land in Dallas County. Seizing the opportunity, he purchased 239.5 acres in what is now downtown Grand Prairie.

On January 2, 1863, Dechman officially filed the title for his prairie land with the county and granted right-of-way through the property to the railroad. Although the depression of 1873 temporarily halted railroad construction, settlers continued to arrive in Dechman. A post office was established in 1874, and two years later, Dechman filed a town plat. He gave every other lot to the Texas and Pacific Railroad in exchange for the construction of a depot. The tracks were finally extended through Dechman to Fort Worth, with service beginning on July 19, 1876.

In 1877, the railroad renamed the town Grand Prairie, reflecting its location on the eastern edge of the expansive grand prairie that stretched into West Texas. The little town steadily grew, and on March 20, 1909, 110 citizens voted on incorporation. With 69 votes in favor and 41 against, Grand Prairie was officially established as a city. The City adopted its first Charter in 1948.

## **Today's Profile of the Government**

Grand Prairie is located in North Central Texas and spans Dallas, Tarrant, Ellis, and Johnson counties. Covering a land area of 84 square miles, the city has an estimated population of 215,210. It is well-connected through a robust thoroughfare system, including State Highway 161, State Highway 360 (running north-south), and Interstate Highways 20 and 30 (running east-west).

As a Home Rule city, Grand Prairie operates under a Council/Manager form of government. The City Council comprises the mayor and eight members, each serving staggered three-year terms. The mayor is elected at-large, along with two at-large council members, while six members represent single-member districts. The Council's responsibilities include enacting local legislation, approving annual budgets, setting city policies, and appointing both the Municipal Court Judge and the City Manager. The City Manager oversees daily operations and ensures policies and procedures are implemented effectively.

Grand Prairie offers its residents a wide range of services, including exceptional police and fire protection. In fact, the City of Grand Prairie was recently named the #1 Safest City in Dallas-Fort Worth by WallentHub.com and has the lowest crime rate in 51 years. Grand Prairie also stands among the top 1% of communities nationwide with an ISO 1 rating for fire protection. For more than a decade, Grand Prairie's emergency medical services division has been recognized with the American Heart Association Gold Plus Award. Additional city services include water and sewer utilities, solid waste management, libraries, and extensive parks and recreation programs. The city's parks system boasts 63 park sites, more than 45 athletic fields, three neighborhood recreation centers, three year-round indoor aquatics facilities, three seasonal outdoor aquatics facilities, two golf courses (27-hole and 18-hole), a special events venue, and a city cemetery.

The city also provides three full-service libraries offering diverse classes, online resources, and cultural programs. Additionally, Grand Prairie is committed to future-focused planning, handling land use development, traffic management, building inspections, and the construction and maintenance of city roads and streets.

## **Reporting Entity**

All activities, organizations, and functions for which the City is financially accountable are included in the City's financial statements. The City's legal entity includes general government activities, enterprise activities, and internal service fund activities. Enterprise activities include water, wastewater, solid waste, stormwater utility services, a City-operated airport, and two golf courses. Internal service activities include fleet and equipment services and risk management. Twenty Public Improvement Districts (one of which has had no activity) and two Tax Increment Financing Districts, none of which are legally separate entities, are included in the City's reporting entity.

Component units are legally separate entities required to be included in the City's reporting entity based on specific criteria outlined in the Codification of Governmental Accounting Standards, Section 2100, Defining the Financial Reporting Entity. Based on the requirements, the following entities are reported as discretely presented component units of the City. Discretely presented component units are reported in a column separate from the primary government within the financial statements.

- The Grand Prairie Sports Facilities Development Corporation owns Lone Star Park, a horse track facility in Grand Prairie.
- Grand Prairie Housing Finance Corporation (GPHFC) issues tax-exempt mortgage revenue bonds to provide affordable housing to low- to moderate-income citizens. The GPHFC owns a Senior Assisted Living facility in a disadvantaged area and two apartment complexes that serve low to moderate-income citizens. In addition, the HFC owns a Learning Center that provides after-school educational and recreational programs for children living in the apartment complexes.
- Grand Prairie Local Government Corporation (GPLGC) was created to promote economic development, including but not limited to the acquisition, development, and re-development of real property within the City.

- Grand Prairie Hotel Development Corporation (GPHDC) was created in 2021 to promote economic development, including but not limited to the acquisition, development, and redevelopment of real property within the City and the lease of City facilities, including a hotel and conference center.
- Public Finance Corporation (GPPFC) was created in 2023 to assist the City in financing, refinancing, or providing public facilities. The Corporation can finance obligations issued or incurred per existing law to provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing, and placement in service of public facilities. As of the date of this report, there is no activity in the GPPFC and it is, therefore, not shown in the financial statements.

Although the Grand Prairie Crime Control and Prevention District (District) is considered a legally separate entity, it is included in the City's reporting entity as a blended component unit since the District's Board of Directors are all members of the City Council. The District is reported as a special revenue fund in the general government activities. It accounts for the accumulation and use of quarter-cent sales tax proceeds dedicated to funding the District program.

## **Major Initiatives**

- The city's recent annexation of land in our ETJ, south of US 287 in Ellis and Johnson Counties paves the way for Goodland, a 5,000-acre master-planned community that is transforming our southern boundary. Goodland will feature more than 15,000 homes alongside shops, restaurants, schools, and event venues, ultimately adding approximately 50,000 new residents to our city. One of the nation's largest data center campuses will soon be built in this area. To support the growth, the city is incorporating key infrastructure upgrades, including the new Fire Station 11 on Davis Drive. Additionally, Goodland Parkway opened in 2026, connecting the Goodland community to Grand Prairie via Tollway 360 and US 287.
- Phase 1 construction is underway at Lakesong, a 2,700-acre master-planned community that will bring 5,000 new homes to Grand Prairie. Located near the southern tip of Joe Pool Lake, and set along Highway 287 and Highway 67, Lakesong is designed to blend mixed-use facilities, residential neighborhoods, and natural landscapes that support the city's long-term growth.
- The city is updating its Comprehensive Plan for the area between Pioneer Parkway and Joe Pool Lake. This plan will guide future growth while preserving the city's character, enhancing residents' quality of life, and supporting economic development. As part of the process, the city is hosting a variety of community meetings, surveys, and engagement opportunities to give residents a voice in shaping the future vision for Grand Prairie.

- Master planning efforts will guide improvements to cycling and recreation in Grand Prairie. Community and stakeholder engagement is currently underway to help develop a Bicycle Master Plan to evaluate the existing conditions of all bicycle facilities within the City, identify priority destinations or connections, and determine desired facility types comfortable for all ages and abilities. The Bicycle Master Plan will result in recommendations for an implementation plan that will identify and prioritize projects and funding over the next 20 years.
- The Parks, Arts, and Recreation Department is creating the Grand Vision Plan to guide the future of Grand Prairie's Parks, Arts, and Recreation system over the next decade. This plan evaluates current and future needs, gathers community feedback, and establishes clear priorities for projects and investments.
- Impactful changes will come to Main Street, where construction will begin in winter 2026 and continue through spring 2028. The street will be reduced to two lanes, one eastbound and one westbound, and sidewalks will be widened to create a safer, more walkable environment.
- The first phase of downtown redevelopment is underway as a new performance stage for outdoor concerts and community events is constructed on the green space just south of City Hall. Work is also underway on the former Calvary Church site to clear the way for future development along Main Street, new businesses, public spaces, or potential mixed-use development.
- The City of Grand Prairie continues to set the standard for efficient construction, planning, and development processes, proving that when cities' speed to market is strong, businesses thrive. By prioritizing a streamlined and responsive permitting system, Grand Prairie ensures that developers and entrepreneurs can move projects from concept to completion without unnecessary delays. In December 2025, the city ranked 2nd among midsize cities, 100,000 to 250,000 residents, in the United States on Labrynth AI's Red Tape Index, a national benchmark that measures permitting efficiency.

## **Local Economy**

The City of Grand Prairie continues to grow in residential, entertainment, aerospace, defense, and other industries, but it will maintain the same tax rate for FY 2025-26, and the homestead exemption remains 17.5%. As the 16<sup>th</sup>-largest city in Texas, Grand Prairie is celebrating its lowest crime rate in 51 years.

## **Residential**

- MLS reports that the median sales price for homes in Grand Prairie is \$349,745, with the average price per square foot at \$175.49 for the fourth quarter of 2025.
- The City issued 280 New Single-Family construction permits in the first three quarters of 2025.

## **Commercial**

- The city issued approximately 1.3 million square feet of commercial, retail, and industrial permits in 2025.
- Topgolf opened a new venue at SH 161 and Mayfield next to IKEA, bringing 300 new jobs to the city.
- Houk Air Conditioning opened a new 90,000-square-foot headquarters on Oakdale.
- Radici Wood Fired Grill opened in EpicCentral
- Modine expansion will bring 1,000 jobs to the city

## **Long-Term Financial Planning**

The City of Grand Prairie employs a strategic approach to long-term financial planning underpinned by a capital improvement plan. This plan details the development and financing of major capital initiatives and acquisitions, carefully evaluating their implications on the operational budget and tax obligations.

Guiding the City's financial operations are robust financial management policies crafted to ensure sustained fiscal stability and positive economic outcomes. These policies reflect our commitment to integrity, prudent stewardship, meticulous planning, accountability, and transparency. They encompass a wide range of financial activities, including accounting, auditing, financial reporting, internal controls, budgeting for operations and capital, revenue management, cash management, and expenditure control. Moreover, the City upholds investment, debt management, and purchasing policies that instruct the City Council in policymaking and City staff in daily financial operations.

The City Council has also established a three-member Finance and Government Committee to oversee and direct management in matters of budget, audit, internal control, and other critical financial areas.

Thanks to rigorous and effective management aligned with these strong financial policies, the City consistently meets key financial benchmarks and ratios. This includes maintaining adequate fund balances across all funds, adhering to debt coverage ratios, and engaging in prudent investment practices. Such fiscal health underscores the City's resilience against potential economic downturns.

Positive bond ratings further affirm the City's robust financial standing. Standard & Poor's has reaffirmed the City's general obligation bond rating at AAA and the Water/Wastewater Revenue Bonds at AAA.

|                                                       | S&P | Fitch |
|-------------------------------------------------------|-----|-------|
| General Obligation & Certificates of Obligation Bonds | AAA | AA+   |
| Sales Tax Bonds                                       | AA- | AA+   |
| Park Venue Bonds                                      | AA- | AA+   |
| Water/Wastewater Revenue Bonds                        | AAA | AAA   |

## Awards and Acknowledgements

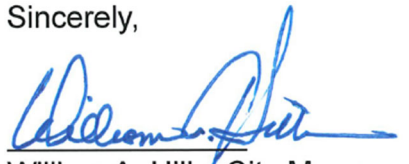
The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Prairie for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ending September 30, 2024. This was the 39th consecutive year the City achieved this prestigious award. A government must publish an easily readable and efficiently organized ACFR to be awarded a Certificate of Achievement. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA to determine its eligibility for another certificate.

The timely preparation of this report was made possible by the dedicated services and hard work of the highly qualified staff in the City's Finance Department. Although much time and effort in preparation for this report lies in the Accounting Division, we sincerely appreciate the invaluable support of the Treasury and Budget Division and all city departments.

Special thanks are extended to the Finance and Government Committee council members for their leadership and support of sound fiscal management, and to all members of the City Council for their unfailing support for maintaining the highest standards of professionalism in the control of the City's finances.

Sincerely,



William A. Hills, City Manager



Cheryl DeLeon, Deputy City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

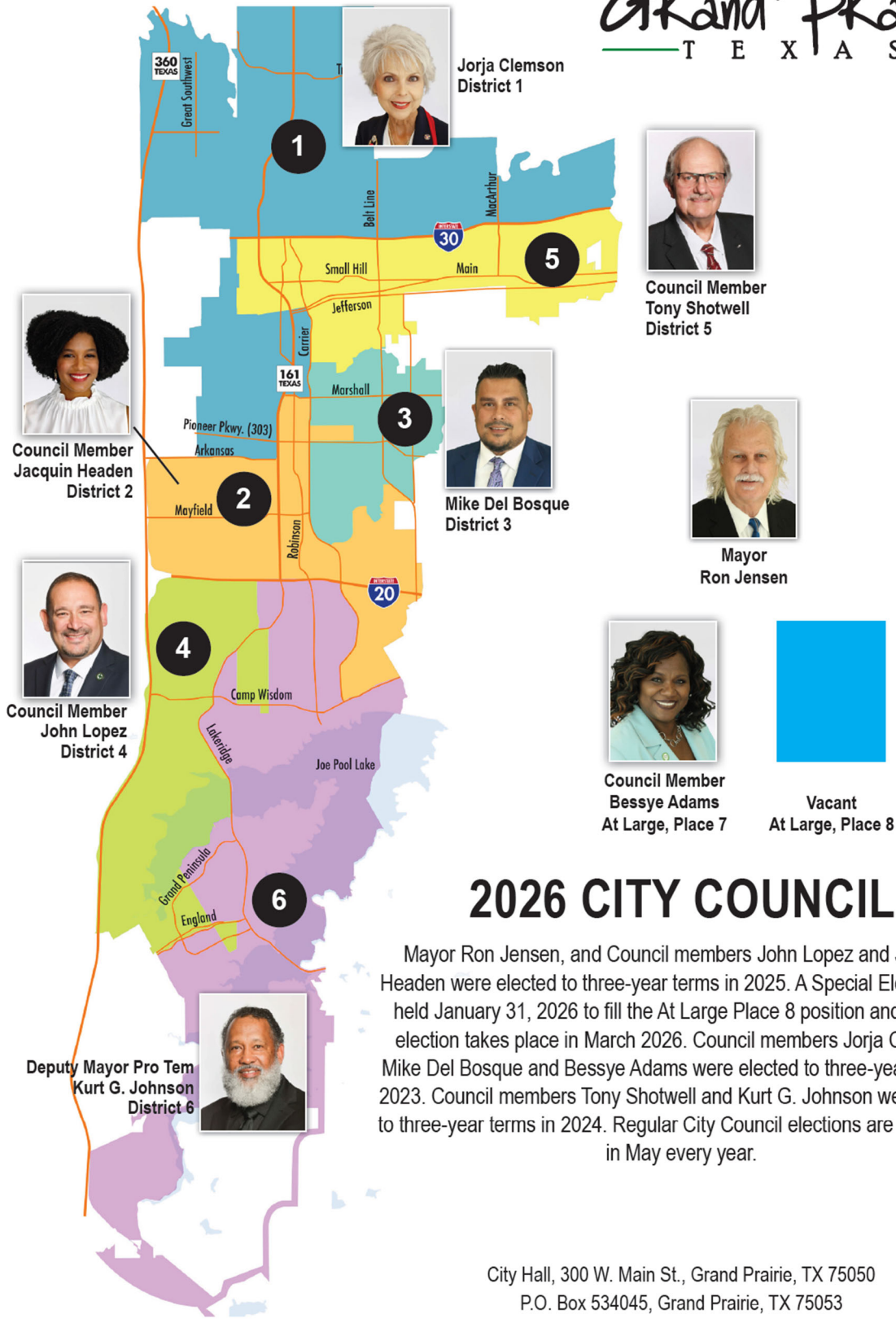
**City of Grand Prairie  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2024

*Christopher P. Morill*

Executive Director/CEO



## 2026 CITY COUNCIL

Mayor Ron Jensen, and Council members John Lopez and Jacquin Headen were elected to three-year terms in 2025. A Special Election was held January 31, 2026 to fill the At Large Place 8 position and a runoff election takes place in March 2026. Council members Jorja Clemson, Mike Del Bosque and Bessye Adams were elected to three-year terms in 2023. Council members Tony Shotwell and Kurt G. Johnson were elected to three-year terms in 2024. Regular City Council elections are conducted in May every year.

City Hall, 300 W. Main St., Grand Prairie, TX 75050

P.O. Box 534045, Grand Prairie, TX 75053

972-237-8022 • [gptx.org/council](http://gptx.org/council)

Updated: February 2026

## City of Grand Prairie, Texas

### Directory of City Officials

#### Mayor and City Council

#### 2026 CITY OF GRAND PRAIRIE, TEXAS

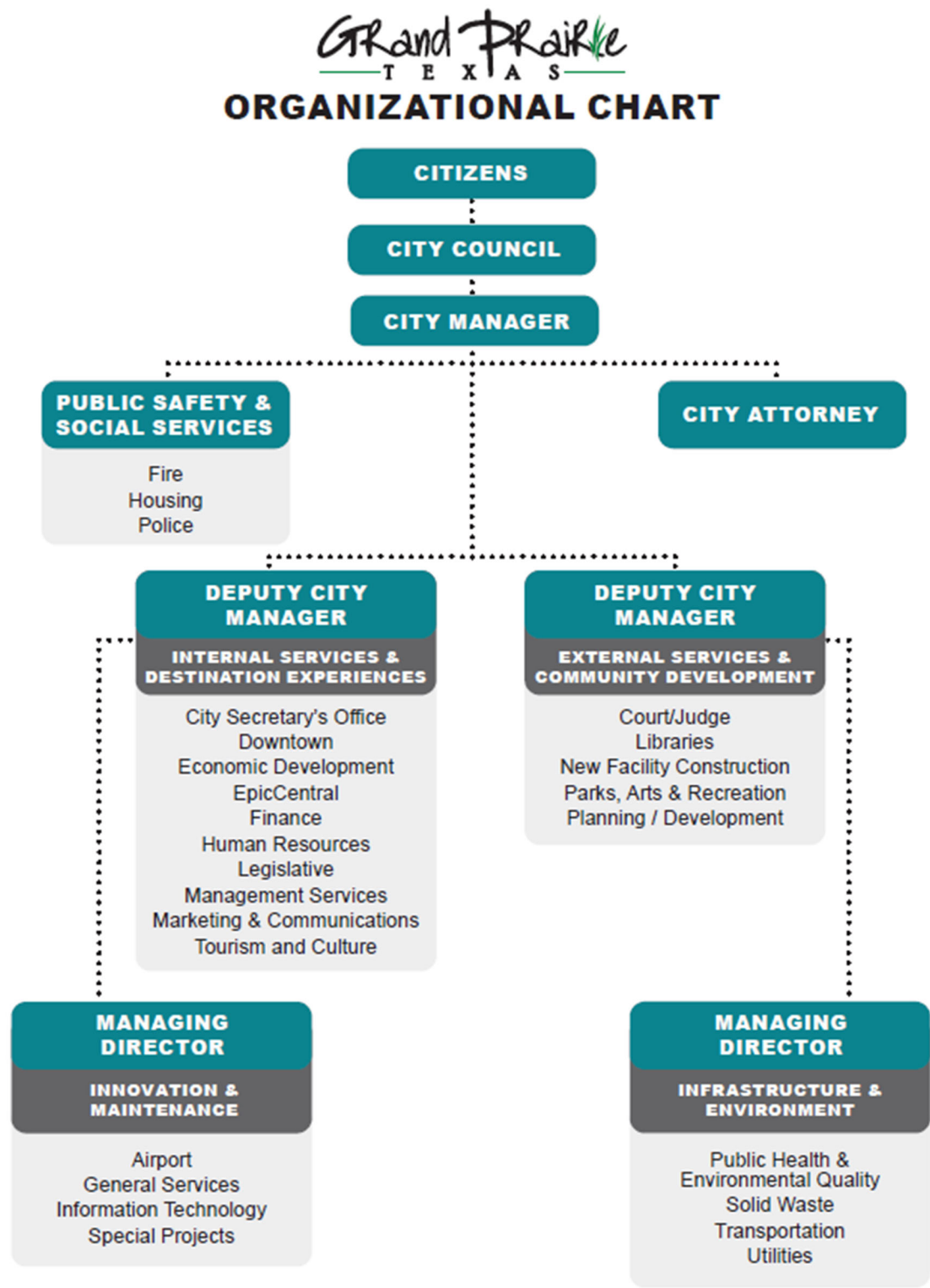
#### DIRECTORY OF CITY OFFICIALS

#### MAYOR AND CITY COUNCIL

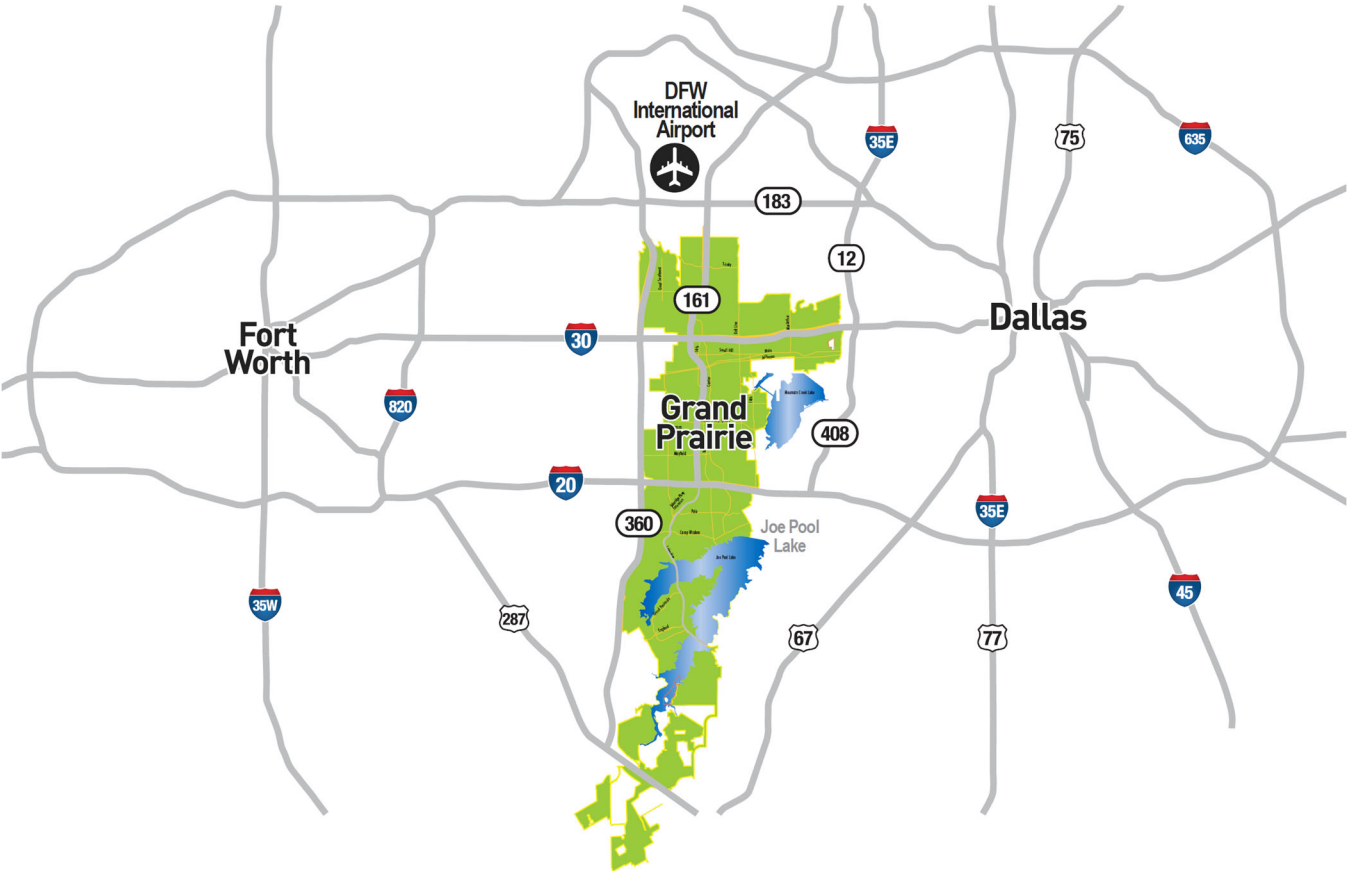
|                 |                                   |
|-----------------|-----------------------------------|
| Ron Jensen      | Mayor                             |
| Jorja Clemson   | District 1                        |
| Jacquín Headen  | District 2                        |
| Mike Del Bosque | District 3                        |
| John Lopez      | District 4                        |
| Tony Shotwell   | District 5                        |
| Kurt G. Johnson | Deputy Mayor Pro Tem - District 6 |
| Bessye Adams    | At Large - Place 7                |
| Vacant          | At Large - Place 8                |

#### EXECUTIVE MANAGERS

|                    |                                                       |
|--------------------|-------------------------------------------------------|
| Bill Hills         | City Manager                                          |
| Cheryl DeLeon      | Deputy City Manager                                   |
| Megan Mahan        | Deputy City Manager                                   |
| Lisa Norris        | Managing Director                                     |
| Walter Shumac      | Managing Director                                     |
| Mark Divita        | Airport Director                                      |
| Thao Vo            | Management Services Director                          |
| Maleshia McGinnis  | City Attorney                                         |
| Mona Lisa Galicia  | City Secretary                                        |
| Claudia Garibay    | Communications and Marketing Director                 |
| Peter Sime         | Library Director                                      |
| Steven Cherry      | Court Services Director                               |
| Bryan Arnold       | Municipal Court Judge                                 |
| Tony Ramirez       | Economic Development Director                         |
| Susan Sanders      | Finance Director                                      |
| Robert Fite        | Fire Chief                                            |
| Esther Coleman     | Housing & Neighborhood Services Director              |
| Tasha Camacho      | Human Resources Director                              |
| Jayson Ramirez     | General Services Director                             |
| Keshnel Penny      | Information Technology Director                       |
| Ray Cerda          | Parks, Arts & Recreation Director                     |
| Rashad Jackson     | Planning and Development Director                     |
| Daniel Scesney     | Police Chief                                          |
| Cindy Mendez       | Public Health and Environmental Quality Director      |
| Patricia Redfearn  | Solid Waste/Landfill/Recycling Director               |
| Noreen Housewright | Engineering/Utility Services Director                 |
| Andy Henning       | Municipal Facilities Design and Construction Director |
| Caryl DeVries      | Transportation & Mobility Services Director           |



**City of Grand Prairie, Texas**  
Map



## **Financial Section**



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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Grand Prairie, Texas (the City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the component unit financial statements of the Grand Prairie Housing Finance Corporation (a discretely presented component unit). Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for such an entity, is based solely on the report of the other auditors.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, pension and other post-employment benefits information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, such as the combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information included in the Annual Comprehensive Financial Report (ACFR)**

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 3, 2026



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## **Management's Discussion and Analysis**



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## City of Grand Prairie, Texas

### Management's Discussion and Analysis For the Fiscal Year Ended September 30, 2025 (Unaudited)

Management's discussion and analysis provides a narrative overview of the financial activities and changes in the financial position of the City of Grand Prairie, Texas (the City) for the fiscal year ending September 30, 2025. It is offered here by the management of the City to the readers of its financial statements. Readers are encouraged to consider the information presented here in conjunction with the information furnished in our letter of transmittal, the introductory section of the City's financial statement, and the accompanying notes.

#### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2025, by \$1,028,872,013 (net position).
- The City's total net position increased \$80,101,641, for the fiscal year ended September 30, 2025, primarily due to an increase in property taxes and charges for services revenues.
- At September 30, 2025, the City's governmental funds reported combined ending fund balances of \$409,917,419. The \$77,021,989 unassigned fund balance in the General Fund represents 40.8% of total General Fund expenditures and transfers.
- The City's total long-term liabilities of \$848,924,667 increased by \$73,265,773 (9.4%) during the current fiscal year. In fiscal year 2025, net bonded debt increased by \$65,727,602, with the remaining liability comprised primarily of pension and employee-related obligations. See Table 4 in this report, for further information regarding the City's long-term liabilities.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The reporting focus is on the City as a whole and on individual major funds. It is intended to present a more comprehensive view of the City's financial activities.

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements** – The government-wide financial statements include the Statement of Net Position and Statement of Activities. These 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. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, including capital assets and long-term liabilities, and deferred inflows of resources. The differences between these items are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other indicators of the city's financial position should be taken into consideration, such as the change in the City's property tax base and the condition of the City's infrastructure (i.e., roads, drainage systems, water and sewer lines, etc.), more accurately assess the overall financial condition of the City.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. It focuses on both the gross and net costs of the government's various activities and thus summarizes the cost of providing specific government services. This statement includes all current-year revenues and expenses.

## City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued  
For the Fiscal Year Ended September 30, 2025  
(Unaudited)

The Statement of Net Position and Statement of Activities divide the City's activities into two types:

*Governmental Activities* – Most of the City's basic services are reported here, including general government, public safety, planning, public works, transportation, housing, community development, cultural events, and the library. Property taxes, sales taxes, and franchise fees provide the majority of financing for these activities.

*Business-Type Activities* – Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include a water and wastewater system, a solid waste sanitary landfill, a storm water 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), Grand Prairie Housing Finance Corporation (HFC), Grand Prairie Hotel Development Corporation (HDC), and Grand Prairie Local Government Corporation (LGC) as component units. All 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 Lone Star Park at Grand Prairie, a horse track facility. The LGC's operations are to acquire, develop, or redevelop real property within the City. HDC promotes economic development, the acquisition, development, and redevelopment of real property within the City, the construction, operation, and/or lease of City facilities.

The Crime Control and Prevention District (CCPD) 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. The CCPD is reported as the Crime Sales Tax Fund.

**Fund financial statements** – The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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. These statements focus on the most significant funds and may be used to find more detailed information about the City's most significant activities. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

The focus of the governmental funds' financial statements is narrower than that of the government-wide financial statements. Therefore, 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 funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison. These reconciliations explain the differences between the government's activities as reported in the government-wide statements and the information presented in the governmental funds financial statements.

## City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued  
For the Fiscal Year Ended September 30, 2025  
(Unaudited)

The City reports thirty-one individual governmental funds. Information is presented separately in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures and Changes in Fund Balances for the City's six major funds - General Fund, Section 8 Fund, Streets CIP Fund, Grants Fund, Debt Service Fund, and the TIF #1 Epic CIP Fund. Data for other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds* – The City maintains two different types of proprietary funds – enterprise funds and internal service 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 water and wastewater system, solid waste sanitary landfill, storm water utility, municipal airport, and municipal golf courses. 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 two are major enterprise funds – the Water Wastewater Fund and the Solid Waste Fund. Data from other nonmajor 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.

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. The City's two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the City's internal service funds is provided in the form of combining statements elsewhere in this report.

**Notes to the financial statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information** – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information.

## City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued  
For the Fiscal Year Ended September 30, 2025  
(Unaudited)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total assets of the City on September 30, 2025, were \$1,919,761,483, deferred outflows of resources were \$54,248,747, total liabilities were \$910,147,985, and deferred inflows of resources were \$34,990,232 resulting in a net position of \$1,028,872,013.

The largest portion of the City's net position, \$611,371,339 (59.4%), reflects its investment in capital assets (land, buildings and improvements, infrastructure, vehicles, machinery, and equipment), less any related outstanding debt used to acquire those assets. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt 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 position at year-end compared to the prior year.

**Table 1**  
**Net Position**

|                                     | Governmental<br>Activities |                       | Business-type<br>Activities |                       | Total<br>Primary Government |                         |
|-------------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-------------------------|
|                                     | 9/30/2024                  | 9/30/2025             | 9/30/2024                   | 9/30/2025             | 9/30/2024                   | 9/30/2025               |
| Cash and investments                | \$ 390,691,557             | \$ 439,980,450        | \$ 169,670,200              | \$ 201,500,592        | \$ 560,361,757              | \$ 641,481,042          |
| Other assets                        | 38,959,374                 | 40,971,893            | 20,010,089                  | 24,566,509            | 58,969,463                  | 65,538,402              |
| Capital assets, net                 | <u>848,571,715</u>         | <u>882,092,964</u>    | <u>292,395,942</u>          | <u>330,649,075</u>    | <u>1,140,967,657</u>        | <u>1,212,742,039</u>    |
| Total assets                        | 1,278,222,646              | 1,363,045,307         | 482,076,231                 | 556,716,176           | 1,760,298,877               | 1,919,761,483           |
| Deferred outflows of<br>resources   | 48,581,449                 | 49,457,821            | 4,906,308                   | 4,790,926             | 53,487,757                  | 54,248,747              |
| Current liabilities                 | 46,874,696                 | 39,475,952            | 20,026,344                  | 21,747,366            | 66,901,040                  | 61,223,318              |
| Long-term bonded debt               | 603,280,319                | 644,494,448           | 38,584,960                  | 63,098,433            | 641,865,279                 | 707,592,881             |
| Other noncurrent liabilities        | <u>113,355,751</u>         | <u>117,881,774</u>    | <u>20,437,864</u>           | <u>23,450,012</u>     | <u>133,793,615</u>          | <u>141,331,786</u>      |
| Total liabilities                   | 763,510,766                | 801,852,174           | 79,049,168                  | 108,295,811           | 842,559,934                 | 910,147,985             |
| Deferred inflows of<br>resources    | 20,613,005                 | 32,065,678            | 1,843,323                   | 2,924,554             | 22,456,328                  | 34,990,232              |
| Net Position                        |                            |                       |                             |                       |                             |                         |
| Net Investment in<br>capital assets | 314,515,375                | 336,608,706           | 252,357,719                 | 274,762,633           | 566,873,094                 | 611,371,339             |
| Restricted                          | 158,436,134                | 161,292,398           | 70,606,350                  | 69,754,334            | 229,042,484                 | 231,046,732             |
| Unrestricted                        | <u>69,728,815</u>          | <u>80,684,172</u>     | <u>83,125,979</u>           | <u>105,769,770</u>    | <u>152,854,794</u>          | <u>186,453,942</u>      |
| <b>Total net position</b>           | <u>\$ 542,680,324</u>      | <u>\$ 578,585,276</u> | <u>\$ 406,090,048</u>       | <u>\$ 450,286,737</u> | <u>\$ 948,770,372</u>       | <u>\$ 1,028,872,013</u> |

A portion of the City's net position, totaling \$231,046,732, or 22.5%, represents resources that are subject to external restrictions on how they may be used.

The City's net position increased by \$80,101,641 from the prior fiscal year due to an increase in charges for services and property tax revenues.

## City of Grand Prairie, Texas

### Management's Discussion and Analysis – Continued For the Fiscal Year Ended September 30, 2025 (Unaudited)

The fiscal year 2025, compared to fiscal 2024 changes in the City's net position were as follows:

**Table 2**  
**Changes in Net Position**

|                                                        | Governmental<br>Activities |                       | Business-type<br>Activities |                       | Total<br>Primary Government |                         |
|--------------------------------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-------------------------|
|                                                        | 9/30/2024                  | 9/30/2025             | 9/30/2024                   | 9/30/2025             | 9/30/2024                   | 9/30/2025               |
| Revenues:                                              |                            |                       |                             |                       |                             |                         |
| Program revenues:                                      |                            |                       |                             |                       |                             |                         |
| Charges for services                                   | \$ 62,981,998              | \$ 76,838,674         | \$ 148,674,632              | \$ 159,938,004        | \$ 211,656,630              | \$ 236,776,678          |
| Operating grants and contributions                     | 62,005,076                 | 68,024,808            | -                           | -                     | 62,005,076                  | 68,024,808              |
| Capital grants and contributions                       | 13,072,948                 | 11,140,350            | 15,787,217                  | 23,903,174            | 28,860,165                  | 35,043,524              |
| General revenues:                                      |                            |                       |                             |                       |                             |                         |
| Property tax                                           | 155,796,752                | 163,815,374           | -                           | -                     | 155,796,752                 | 163,815,374             |
| Sales tax                                              | 98,140,124                 | 99,057,622            | -                           | -                     | 98,140,124                  | 99,057,622              |
| Other tax                                              | 4,588,224                  | 7,260,419             | -                           | -                     | 4,588,224                   | 7,260,419               |
| Franchise fees                                         | 15,749,721                 | 15,958,788            | -                           | -                     | 15,749,721                  | 15,958,788              |
| Investment income                                      | 30,925,253                 | 8,663,229             | 169,580                     | 147,889               | 31,094,833                  | 8,811,118               |
| Gain on disposal of assets                             | -                          | 1,762,131             | -                           | -                     | -                           | 1,762,131               |
| Miscellaneous                                          | -                          | -                     | 233,439                     | 114,219               | 233,439                     | 114,219                 |
| Total revenues                                         | 443,260,096                | 452,521,395           | 164,864,868                 | 184,103,286           | 608,124,964                 | 636,624,681             |
| Expenses:                                              |                            |                       |                             |                       |                             |                         |
| Support services                                       | 43,931,965                 | 51,371,938            | -                           | -                     | 43,931,965                  | 51,371,938              |
| Public safety services                                 | 121,154,824                | 144,351,640           | -                           | -                     | 121,154,824                 | 144,351,640             |
| Recreation and leisure services                        | 48,149,627                 | 56,541,791            | -                           | -                     | 48,149,627                  | 56,541,791              |
| Development services                                   | 135,874,006                | 153,437,626           | -                           | -                     | 135,874,006                 | 153,437,626             |
| Interest on long-term debt                             | 19,307,505                 | 16,908,636            | -                           | -                     | 19,307,505                  | 16,908,636              |
| Water and wastewater                                   | -                          | -                     | 92,139,434                  | 101,196,898           | 92,139,434                  | 101,196,898             |
| Solid waste                                            | -                          | -                     | 17,786,695                  | 19,638,991            | 17,786,695                  | 19,638,991              |
| Municipal airport                                      | -                          | -                     | 3,530,669                   | 3,516,813             | 3,530,669                   | 3,516,813               |
| Municipal golf course                                  | -                          | -                     | 3,323,809                   | 4,562,236             | 3,323,809                   | 4,562,236               |
| Storm water                                            | -                          | -                     | 3,490,248                   | 4,996,471             | 3,490,248                   | 4,996,471               |
| Total expenses                                         | 368,417,927                | 422,611,631           | 120,270,855                 | 133,911,409           | 488,688,782                 | 556,523,040             |
| Increases (decreases) in net position before transfers | 74,842,169                 | 29,909,764            | 44,594,013                  | 50,191,877            | 119,436,182                 | 80,101,641              |
| Transfers                                              | 6,062,482                  | 5,995,188             | (6,062,482)                 | (5,995,188)           | -                           | -                       |
| Change in net position                                 | 80,904,651                 | 35,904,952            | 38,531,531                  | 44,196,689            | 119,436,182                 | 80,101,641              |
| Net position - beginning of year                       | 461,775,673                | 542,680,324           | 367,558,517                 | 406,090,048           | 829,334,190                 | 948,770,372             |
| <b>Net position - end of year</b>                      | <b>\$ 542,680,324</b>      | <b>\$ 578,585,276</b> | <b>\$ 406,090,048</b>       | <b>\$ 450,286,737</b> | <b>\$ 948,770,372</b>       | <b>\$ 1,028,872,013</b> |

**Governmental activities** – Governmental activities increased the City's net position by \$35,904,952 in comparison with the beginning net position, primarily due to an increase in revenues from property taxes, charges for services, and operating grants and contributions received. Net position of governmental operations accounts for 56.2% of the total net position.

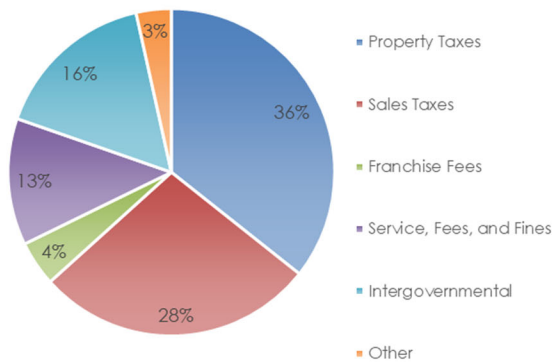
**Business-type activities** – Business-type activities increased the City's net position by \$44,196,689 in comparison with the beginning net position due to an increase in overall program revenues. Net position for business-type activities represents 43.8% of the total primary government net position.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

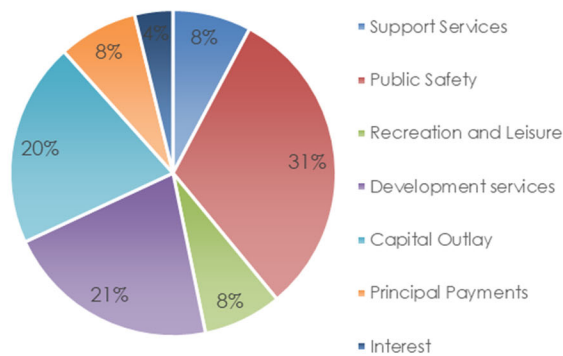
**Governmental funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unrestricted fund balance may serve as a useful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

At fiscal year-end 2025, the City's governmental funds (excluding internal service funds) reported combined ending fund balances of \$409,917,419, an increase of \$57,532,523 in comparison with the prior year. The unassigned fund balance portion is \$76,376,595 or 18.6% and is available for spending at the government's discretion. The remainder is restricted for specific purposes and is not available for new spending. Specific purposes include non-spendable inventories and prepaid items (\$3,516,925); amounts restricted by bond covenants or granting agencies (\$231,925,605), either for debt service payments, grant-related use, special taxing districts, or for capital projects. In addition, committed funds (\$64,011,674) require formal action by the City Council. Finally, funds may be assigned (\$2,062,553) by the City Manager with the City Council's delegated authority. Figures 1 and 2 that follow show the distribution of governmental funds' sources of revenues and expenditures, \$443,221,596 and \$484,959,190, respectively, for the fiscal year 2025.

**Figure 1**  
**Revenue Sources**  
**Governmental Funds**



**Figure 2**  
**Expenditures**  
**Governmental Funds**



The General Fund is the chief operating fund of the City. At fiscal year-end, the unassigned fund balance of the General Fund was \$77,021,989, while the total fund balance was \$80,012,446. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 43.0% of the total general fund operating expenditures, while the total fund balance represents 44.6% of that same amount. General Fund's fund balance increased in the amount of \$3,878,264 from the prior fiscal year. Interest and investment losses were offset by a reduction in overall expenditures and transfers out to other funds compared to last year.

Other major funds with significant changes in fund balance include Section 8, Streets CIP, Grants, Debt Service and TIF #1 Epic CIP.

City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued  
For the Fiscal Year Ended September 30, 2025  
(Unaudited)

The Section 8 Fund increased by \$523,457 due to an increase of an average of 3,594 increase UML for FY 2025 (average of 300), plus adding the PBV (Project Based Vouchers) program.

The Streets CIP Fund increased by \$9,858,628 due to bond issuance in FY 2025 and projects from prior years not completed yet.

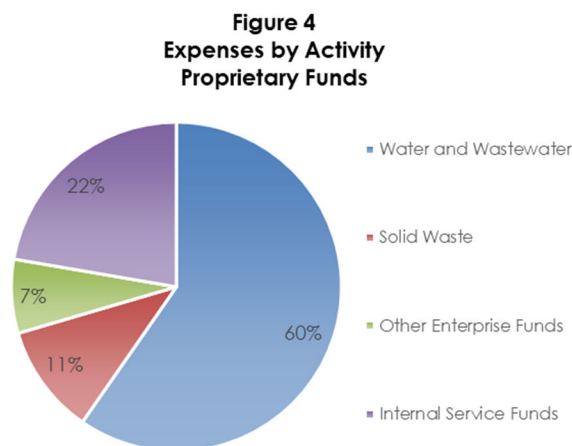
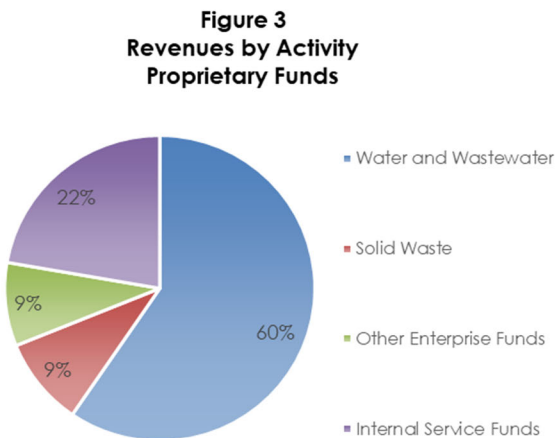
The Grants Fund decreased by \$5,328,639 due to large projects that took place during the fiscal year. \$3,740,733 in expenses has been approved for reimbursement in FY 2026.

The Debt Service Fund increased by \$1,397,286, primarily due to higher property tax collections year over year.

The TIF #1 Epic CIP Fund increased by \$2,670,539 due to transfers in for funding capital projects.

**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 position of the City's enterprise funds and internal service funds were \$446,294,125 and \$26,159,507 respectively, at September 30, 2025. The enterprise funds' net investment in capital assets represented 61.6% of the total enterprise fund's net position. The internal service funds' net investment in capital assets represented 4.9% of the total internal service funds' net position. The enterprise funds' unrestricted net position was 23.7% of their total net position, and, internal service funds' unrestricted net position was 95.1% of their total funds' net position. The City's enterprise funds and the internal service funds reported income before contributions and transfers of \$26,598,565 and (\$559,753), respectively. 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 \$193,636,150 and expenses of \$174,814,702 (excluding non-operating revenues and expenses, and contributions and transfers) by activity.



## City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued  
For the Fiscal Year Ended September 30, 2025  
(Unaudited)

### General Fund Budgetary Highlights

Actual General Fund revenues were (\$4,297,903), or 2.2%, lower than final budgeted revenues for fiscal year 2025. Property taxes, sales taxes, and franchise fees were 83.3% of General Fund budgeted revenues. Actual General Fund expenditures were \$7,848,954, or 4.2%, lower than final budgeted expenditures for fiscal year 2025. Budgeted excess of revenues over expenditures before other financing sources and uses was (\$8,391,914) compared to the actual (\$6,937,438), resulting in a net positive budget variance of \$1,454,476. The City traditionally budgets revenue conservatively, and this practice frequently results in positive budgetary variances.

The net change in fund balances of the General Fund, including other financing sources and uses, such as transfers resulted in a net positive budget variance of \$5,005,527.

### 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 \$1,212,742,039. This investment includes land, buildings, improvements other than buildings (including infrastructure), machinery and equipment, and construction in progress. The City's capital assets increased from the prior year by \$71,774,382.

Major capital projects occurring during the fiscal year included the following:

- Goodland Rd - Provident
- ERP Software Replacement
- Main Library Improvements
- Mobile Libraries
- Facilities Service Center
- Friendship Park
- Day Miar – Ragland to PW
- Lakeview Elevated Storage Tank

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

**Table 3**  
**Capital Assets**

|                                       | Governmental<br>Activities |                       | Business-type<br>Activities |                       | Total<br>Primary Government |                         |
|---------------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-------------------------|
|                                       | 9/30/2024                  | 9/30/2025             | 9/30/2024                   | 9/30/2025             | 9/30/2024                   | 9/30/2025               |
| Land                                  | \$ 70,008,383              | \$ 70,177,208         | \$ 10,516,096               | \$ 10,635,727         | \$ 80,524,479               | \$ 80,812,935           |
| Construction in progress              | 195,288,455                | 181,986,780           | 42,779,648                  | 69,008,082            | 238,068,103                 | 250,994,862             |
| Depreciable/amortized assets          | 1,303,325,077              | 1,393,714,114         | 556,855,039                 | 587,355,335           | 1,860,180,116               | 1,981,069,449           |
| Accumulated depreciation/amortization | (720,050,200)              | (763,785,138)         | (317,754,841)               | (336,350,069)         | (1,037,805,041)             | (1,100,135,207)         |
| <b>Total capital assets, net</b>      | <b>\$ 848,571,715</b>      | <b>\$ 882,092,964</b> | <b>\$ 292,395,942</b>       | <b>\$ 330,649,075</b> | <b>\$ 1,140,967,657</b>     | <b>\$ 1,212,742,039</b> |

Additional information regarding capital assets can be found in Note 2.D.

## City of Grand Prairie, Texas

Management's Discussion and Analysis – Continued  
For the Fiscal Year Ended September 30, 2025  
(Unaudited)

**Long-term debt** – At September 30, 2025, the City had the following long-term liabilities:

**Table 4**  
**Long-Term Debt**

|                                              | Governmental<br>Activities |                       | Business-type<br>Activities |                      | Total<br>Primary Government |                       |
|----------------------------------------------|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------------|-----------------------|
|                                              | 9/30/2024                  | 9/30/2025             | 9/30/2024                   | 9/30/2025            | 9/30/2024                   | 9/30/2025             |
| Bonded debt                                  | \$ 603,280,319             | \$ 644,494,448        | \$ 38,584,960               | \$ 63,098,433        | \$ 641,865,279              | \$ 707,592,881        |
| Compensated absences                         | 25,530,310                 | 34,508,379            | 667,187                     | 2,631,894            | 26,197,497                  | 37,140,273            |
| Other post employment benefits               | 58,256,817                 | 67,484,916            | 6,329,455                   | 7,232,661            | 64,586,272                  | 74,717,577            |
| Net pension liability                        | 20,630,646                 | 7,441,791             | 2,241,468                   | 797,570              | 22,872,114                  | 8,239,361             |
| Lease liabilities                            | 3,692,881                  | 3,856,378             | 8,287                       | 1,012,033            | 3,701,168                   | 4,868,411             |
| SBITA liabilities                            | 2,579,820                  | 1,725,282             | -                           | 27,798               | 2,579,820                   | 1,753,080             |
| Pollution liability                          | 715,237                    | 1,792,706             | -                           | -                    | 715,237                     | 1,792,706             |
| Closure and post closure liability           | -                          | -                     | 11,191,467                  | 11,748,056           | 11,191,467                  | 11,748,056            |
| Other liabilities                            | 1,950,040                  | 1,072,322             | -                           | -                    | 1,950,040                   | 1,072,322             |
| <b>Total long-term debt</b>                  | <b>\$ 716,636,070</b>      | <b>\$ 762,376,222</b> | <b>\$ 59,022,824</b>        | <b>\$ 86,548,445</b> | <b>\$ 775,658,894</b>       | <b>\$ 848,924,667</b> |
| Long-term debt to net<br>position percentage | 132%                       | 132%                  | 15%                         | 19%                  | 82%                         | 83%                   |

Of the City's total bonded debt outstanding, \$537,866,000 (approximately 76%) is supported by the full faith and credit of the City and is secured by an ad valorem property tax pledge for debt service (I&S).

In November 2024, the City reissued the General Obligation Refunding Bonds, Series 2022C, to convert them from taxable to tax-exempt status. This action reduced the all-in interest cost and effectively lowered the interest rate from approximately 2.04% to 1.60%, generating estimated borrowing cost savings of approximately \$446,000 over the remaining term to maturity.

In February 2025, the City issued \$43,475,000 of Combination Tax and Revenue Certificates of Obligation, Series 2025. Proceeds were used to finance capital improvements across multiple service areas, including street and thoroughfare improvements; public safety facility improvements (including a new emergency operations center); parks and recreation equipment and facilities; acquisition of vehicles and equipment; acquisition and installation of technology equipment, and enterprise financial and human resources software; and other municipal facility improvements such as HVAC repair and replacement, roof replacement, generators, lighting, landscaping, signage, and electric vehicle charging infrastructure.

In September 2025, the City issued \$38,105,000 of Combination Tax and Revenue Certificates of Obligation, Series 2025A, to support the FY 2025-2026 Capital Improvement Program. Proceeds were used to finance street and thoroughfare improvements (including Goodland Parkway and Miller Road); technology and software improvements, including a portion of Phase 2 of the Enterprise Resource Planning (ERP) replacement; public safety communications and recording system improvements; and fleet and equipment needs, including a fire engine replacement.

During fiscal year 2025, the City retired \$50,165,000 of principal on outstanding bonded debt. Total interest expense related to bonded debt for the year was \$20,296,958. Additional information regarding the City's long-term liabilities and debt service requirements are presented in Note 2.H to the Basic Financial Statements.

**City of Grand Prairie, Texas**

Management's Discussion and Analysis – Continued  
For the Fiscal Year Ended September 30, 2025  
(Unaudited)

Credit ratings

During the City's recent bond issuance activity for Certificates of Obligation and General Obligation Bonds and Water/Wastewater Revenue Bonds, Standard and Poor's reviewed the City's credit profile and reaffirmed its AAA rating. The City's current ratings are summarized below:

|                                      | <u>Fitch</u> | <u>Standard &amp; Poor's</u> |
|--------------------------------------|--------------|------------------------------|
| General obligation bonds             | AA+          | AAA                          |
| Sales tax revenue bonds (taxable)    | AA+          | AA-                          |
| Sales tax revenue bonds (tax-exempt) | AA+          | AA-                          |
| Water and wastewater revenue bonds   | AAA          | AAA                          |

**Economic Factors and Next Year's Budget and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal year 2026 budget, including tax rates and fees that will be charged for business-type activities. Building and development growth has stayed stable. Although the City is largely built out and mature, there are still several areas available, mainly in the south sector, with higher-end residential areas along Joe Pool Lake. In addition, there is a leveling of multi-family developments, but a major increase in retail construction, in large part due to toll road 161 and emerging destination facilities, such as Epic and Epic Waters.

The City population grew by 2.9% to 215,210 as of September 2025. Residential expansions continue in the South and new manufacturing and distribution companies continue to add growth to the City's economy. Even more growth is expected as a result of continued development and mobility through the City. Roadway improvements, like widening of Camp Wisdom, Great Southwest Parkway, and I-30 frontage roads from SH 161 to McArthur continue to make additional demands on the City for increased services. Our diverse economy, the overall DFW metroplex economy, and major transportation access all serve to create a synergy.

The following indicators were taken into account when adopting the budget for fiscal year 2026:

- 7.38% increase in assessed property values;
- A financial management policy, which caps budgeted recurring general fund expenditures from sales tax at 26% total revenues.

Property tax revenues decreased by over \$4.3 million, with an increase of revenue to the General Funds of \$2.7 million and a decrease of \$7.0 million for the Debt Service Fund. The approved property tax rate remained unchanged from \$0.66. Other budgeted revenue sources include an increase in the TIF Reimbursement, and minor increases to both franchise fees and charges for goods and services.

Budgeted sales tax across all funds is \$97,805,714, which is the same as the prior year based on projections.

The City's total approved budget for FY 2025-2026 is \$534,013,848, an increase from the prior year's budget. The General Fund approved budget is \$205,090,649. The majority of this increase is related to an increase in personnel services.

## **City of Grand Prairie, Texas**

Management's Discussion and Analysis – Continued  
For the Fiscal Year Ended September 30, 2025  
(Unaudited)

The City's approved appropriations for capital projects in fiscal year 2026 total \$113,391,071. Planned capital projects include:

- \$48,590,152 in water projects and wastewater projects.
- \$10,270,000 in streets and signals projects
- \$17,311,000 in capital reserve projects
- \$4,078,000 in information technology projects

### **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, 300 W. Main Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.



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## **Basic Financial Statements**



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# City of Grand Prairie, Texas

## Statement of Net Position

September 30, 2025

|                                                     | Primary Government      |                          |                  | Component Units |
|-----------------------------------------------------|-------------------------|--------------------------|------------------|-----------------|
|                                                     | Governmental Activities | Business-Type Activities | Total            |                 |
| <b>ASSETS</b>                                       |                         |                          |                  |                 |
| Cash, cash equivalents and investments              | \$ 152,703,775          | \$ 193,987,556           | \$ 346,691,331   | \$ 18,364,912   |
| Receivables, net                                    | 33,654,082              | 19,332,687               | 52,986,769       | 1,637,266       |
| Intergovernmental receivables                       | 624,673                 | -                        | 624,673          | -               |
| Lease receivables                                   | 7,000,632               | 168,684                  | 7,169,316        | 3,330,528       |
| Inventories and supplies                            | 981,914                 | 1,072,526                | 2,054,440        | -               |
| Prepays                                             | 2,703,204               | -                        | 2,703,204        | 459,542         |
| Restricted assets:                                  |                         |                          |                  |                 |
| Cash, cash equivalents and investments              | 287,276,675             | 7,513,036                | 294,789,711      | 1,039,174       |
| Internal balances                                   | (3,992,612)             | 3,992,612                | -                | -               |
| Estimated unguaranteed residual value               | -                       | -                        | -                | 7,443,374       |
| Capital assets:                                     |                         |                          |                  |                 |
| Assets not being depreciated/amortized              | 252,163,988             | 79,643,809               | 331,807,797      | 18,844,204      |
| Assets being depreciated/amortized, net             | 629,928,976             | 251,005,266              | 880,934,242      | 7,882,960       |
| Total assets                                        | 1,363,045,307           | 556,716,176              | 1,919,761,483    | 59,001,960      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                         |                          |                  |                 |
| Deferred charge on refundings                       | 7,720,820               | 317,783                  | 8,038,603        | -               |
| Related to OPEB                                     | 10,328,541              | 1,106,958                | 11,435,499       | -               |
| Related to TMRS pension                             | 31,408,460              | 3,366,185                | 34,774,645       | -               |
| Total deferred outflows of resources                | 49,457,821              | 4,790,926                | 54,248,747       | -               |
| <b>LIABILITIES</b>                                  |                         |                          |                  |                 |
| Accounts payable                                    | 18,491,227              | 9,988,454                | 28,479,681       | 1,468,207       |
| Retainage payable                                   | 802,432                 | 1,605,961                | 2,408,393        | -               |
| Accrued liabilities                                 | 12,232,845              | 1,505,971                | 13,738,816       | 126,953         |
| Unearned revenue                                    | 4,027,981               | 701,022                  | 4,729,003        | -               |
| Current liabilities payable from restricted assets: |                         |                          |                  |                 |
| Accrued interest                                    | 3,878,467               | 432,922                  | 4,311,389        | -               |
| Customer deposits                                   | 43,000                  | 7,513,036                | 7,556,036        | 94,600          |
| Noncurrent liabilities:                             |                         |                          |                  |                 |
| Due within one year:                                |                         |                          |                  |                 |
| Compensated absences                                | 12,140,576              | 1,139,761                | 13,280,337       | -               |
| Environmental remediation obligation                | 1,792,706               | -                        | 1,792,706        | -               |
| Other liabilities                                   | 678,882                 | -                        | 678,882          | -               |
| Current portion of long-term debt                   | 42,637,067              | 5,442,326                | 48,079,393       | 78,069          |
| Due in more than one year:                          |                         |                          |                  |                 |
| Compensated absences                                | 22,367,803              | 1,492,133                | 23,859,936       | -               |
| Other postemployment benefits                       | 67,484,916              | 7,232,661                | 74,717,577       | -               |
| Closure and postclosure liability                   | -                       | 11,748,056               | 11,748,056       | -               |
| Net pension liability                               | 7,441,791               | 797,570                  | 8,239,361        | -               |
| Other liabilities                                   | 393,440                 | -                        | 393,440          | -               |
| Long-term debt                                      | 607,439,041             | 58,695,938               | 666,134,979      | 3,632,160       |
| Total liabilities                                   | 801,852,174             | 108,295,811              | 910,147,985      | 5,399,989       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                         |                          |                  |                 |
| Related to leases                                   | 6,663,647               | 202,103                  | 6,865,750        | 386,060         |
| Related to OPEB                                     | 12,257,469              | 1,313,689                | 13,571,158       | -               |
| Related to TMRS pension                             | 13,144,562              | 1,408,762                | 14,553,324       | -               |
| Total deferred inflows of resources                 | 32,065,678              | 2,924,554                | 34,990,232       | 386,060         |
| <b>NET POSITION</b>                                 |                         |                          |                  |                 |
| Net investment in capital assets                    | 336,608,706             | 274,762,633              | 611,371,339      | 23,016,935      |
| Restricted for:                                     |                         |                          |                  |                 |
| Debt service                                        | 619,389                 | 4,170,857                | 4,790,246        | -               |
| Capital projects                                    | 48,378,401              | 65,583,477               | 113,961,878      | -               |
| Support Services                                    | 3,035,737               | -                        | 3,035,737        | -               |
| Public safety                                       | 12,401,745              | -                        | 12,401,745       | -               |
| Recreation and leisure                              | 44,529,471              | -                        | 44,529,471       | -               |
| Development services                                | 51,923,407              | -                        | 51,923,407       | -               |
| Other specific purposes                             | 404,248                 | -                        | 404,248          | -               |
| Facility lease                                      | -                       | -                        | -                | 10,773,902      |
| Unrestricted                                        | 80,684,172              | 105,769,770              | 186,453,942      | 19,425,074      |
| Total net position                                  | \$ 578,585,276          | \$ 450,286,737           | \$ 1,028,872,013 | \$ 53,215,911   |

The Notes to the Basic Financial Statements are an integral part of this statement.

**City of Grand Prairie, Texas**  
**Statement of Activities**  
**For the Year Ended September 30, 2025**

| Functions/Activity                                 | Expenses              | Program Revenues        |                                          |                                        |
|----------------------------------------------------|-----------------------|-------------------------|------------------------------------------|----------------------------------------|
|                                                    |                       | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| Primary government:                                |                       |                         |                                          |                                        |
| Governmental activities:                           |                       |                         |                                          |                                        |
| Support services                                   | \$ 51,371,938         | \$ 7,110,314            | \$ 97,053                                | \$ -                                   |
| Public safety services                             | 144,351,640           | 17,538,927              | 5,877,223                                | -                                      |
| Recreation and leisure services                    | 56,541,791            | 26,523,708              | 1,515,978                                | -                                      |
| Development services and other                     | 153,437,626           | 25,665,725              | 60,534,554                               | 11,140,350                             |
| Interest on long-term debt                         | 16,908,636            | -                       | -                                        | -                                      |
| Total governmental activities                      | 422,611,631           | 76,838,674              | 68,024,808                               | 11,140,350                             |
| Business-type activities:                          |                       |                         |                                          |                                        |
| Water and wastewater                               | 101,196,898           | 124,853,612             | -                                        | 18,197,746                             |
| Solid waste                                        | 19,638,991            | 19,400,817              | -                                        | 60,414                                 |
| Municipal airport                                  | 3,516,813             | 2,909,747               | -                                        | -                                      |
| Municipal golf course                              | 4,562,236             | 4,350,899               | -                                        | -                                      |
| Storm water                                        | 4,996,471             | 8,422,929               | -                                        | 5,645,014                              |
| Total business-type activities                     | 133,911,409           | 159,938,004             | -                                        | 23,903,174                             |
| <b>Total primary government</b>                    | <b>\$ 556,523,040</b> | <b>\$ 236,776,678</b>   | <b>\$ 68,024,808</b>                     | <b>\$ 35,043,524</b>                   |
| Component units:                                   |                       |                         |                                          |                                        |
| Grand Prairie Sports Facilities Development        | \$ 7,258,146          | \$ 522,450              | \$ -                                     | \$ 506,731                             |
| Grand Prairie Housing Finance Corporation          | 5,296,020             | 6,344,712               | -                                        | 2,000                                  |
| Grand Prairie Hotel Development Corporation        | 14,589,153            | 14,940,950              | -                                        | -                                      |
| Grand Prairie Local Government Corporation         | 36,469                | -                       | -                                        | -                                      |
| <b>Total component units</b>                       | <b>\$ 27,179,788</b>  | <b>\$ 21,808,112</b>    | <b>\$ -</b>                              | <b>\$ 508,731</b>                      |
| General revenues:                                  |                       |                         |                                          |                                        |
| Taxes                                              |                       |                         |                                          |                                        |
| Property taxes                                     |                       |                         |                                          |                                        |
| Sales taxes                                        |                       |                         |                                          |                                        |
| Hotel/motel and other taxes                        |                       |                         |                                          |                                        |
| Franchise fees (and those based on gross receipts) |                       |                         |                                          |                                        |
| Investment income (losses)                         |                       |                         |                                          |                                        |
| Gain on disposal of capital assets                 |                       |                         |                                          |                                        |
| Miscellaneous revenue                              |                       |                         |                                          |                                        |
| Transfers                                          |                       |                         |                                          |                                        |
| Total general revenues and transfers               |                       |                         |                                          |                                        |
| Change in net position                             |                       |                         |                                          |                                        |
| Net position - beginning of year                   |                       |                         |                                          |                                        |
| <b>Net position - end of year</b>                  |                       |                         |                                          |                                        |

The Notes to the Basic Financial Statements are an integral part of this statement.

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

| <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>     | <b>Component Units</b> |
|------------------------------------|-------------------------------------|------------------|------------------------|
| \$ (44,164,571)                    | \$ -                                | \$ (44,164,571)  | \$ -                   |
| (120,935,490)                      | -                                   | (120,935,490)    | -                      |
| (28,502,105)                       | -                                   | (28,502,105)     | -                      |
| (56,096,997)                       | -                                   | (56,096,997)     | -                      |
| (16,908,636)                       | -                                   | (16,908,636)     | -                      |
| (266,607,799)                      | -                                   | (266,607,799)    | -                      |
| -                                  | 41,854,460                          | 41,854,460       | -                      |
| -                                  | (177,760)                           | (177,760)        | -                      |
| -                                  | (607,066)                           | (607,066)        | -                      |
| -                                  | (211,337)                           | (211,337)        | -                      |
| -                                  | 9,071,472                           | 9,071,472        | -                      |
| -                                  | 49,929,769                          | 49,929,769       | -                      |
| \$ (266,607,799)                   | \$ 49,929,769                       | \$ (216,678,030) | \$ -                   |
| \$ -                               | \$ -                                | \$ -             | \$ (6,228,965)         |
| -                                  | -                                   | -                | 1,050,692              |
| -                                  | -                                   | -                | 351,797                |
| -                                  | -                                   | -                | (36,469)               |
| \$ -                               | \$ -                                | \$ -             | \$ (4,862,945)         |
| \$ 163,815,374                     | \$ -                                | \$ 163,815,374   | \$ -                   |
| 99,057,622                         | -                                   | 99,057,622       | -                      |
| 7,260,419                          | -                                   | 7,260,419        | -                      |
| 15,958,788                         | -                                   | 15,958,788       | -                      |
| 8,663,229                          | 147,889                             | 8,811,118        | 477,094                |
| 1,762,131                          | -                                   | 1,762,131        | -                      |
| -                                  | 114,219                             | 114,219          | 68                     |
| 5,995,188                          | (5,995,188)                         | -                | -                      |
| 302,512,751                        | (5,733,080)                         | 296,779,671      | 477,162                |
| 35,904,952                         | 44,196,689                          | 80,101,641       | (4,385,783)            |
| 542,680,324                        | 406,090,048                         | 948,770,372      | 57,601,694             |
| \$ 578,585,276                     | \$ 450,286,737                      | \$ 1,028,872,013 | \$ 53,215,911          |

# City of Grand Prairie, Texas

Balance Sheet

Governmental Funds

September 30, 2025

|                                                                               | General              | Section 8           | Streets<br>CIP       |
|-------------------------------------------------------------------------------|----------------------|---------------------|----------------------|
| <b>ASSETS</b>                                                                 |                      |                     |                      |
| Cash, cash equivalents and investments                                        | \$ 74,647,251        | \$ 3,086,343        | \$ 47,982,272        |
| Property tax receivable, net                                                  | 3,051,405            | -                   | -                    |
| Sales tax receivable                                                          | 8,509,930            | -                   | -                    |
| Franchise fees receivable                                                     | 2,255,594            | -                   | -                    |
| Lease receivables                                                             | 2,677,226            | -                   | -                    |
| Other receivables, net                                                        | 6,040,535            | 82,450              | -                    |
| Intergovernmental receivables                                                 | 602,494              | -                   | -                    |
| Inventory                                                                     | 789,369              | -                   | -                    |
| Prepays                                                                       | 138,535              | -                   | -                    |
| Total assets                                                                  | <u>\$ 98,712,339</u> | <u>\$ 3,168,793</u> | <u>\$ 47,982,272</u> |
| <b>LIABILITIES</b>                                                            |                      |                     |                      |
| Accounts payable                                                              | 5,909,898            | 46,853              | 2,061,040            |
| Retainage payable                                                             | -                    | -                   | 220,128              |
| Accrued liabilities                                                           | 5,073,035            | 86,203              | -                    |
| Customer deposits                                                             | -                    | -                   | -                    |
| Unearned revenue                                                              | 296,276              | -                   | -                    |
| Total liabilities                                                             | 11,279,209           | 133,056             | 2,281,168            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                      |                     |                      |
| Related to leases                                                             | 2,504,239            | -                   | -                    |
| Unavailable revenue                                                           | 4,916,445            | -                   | -                    |
| Total deferred inflows of resources                                           | 7,420,684            | -                   | -                    |
| <b>FUND BALANCES</b>                                                          |                      |                     |                      |
| Nonspendable                                                                  | 927,904              | -                   | -                    |
| Restricted                                                                    | -                    | 3,035,737           | 45,701,104           |
| Committed                                                                     | -                    | -                   | -                    |
| Assigned                                                                      | 2,062,553            | -                   | -                    |
| Unassigned                                                                    | 77,021,989           | -                   | -                    |
| Total fund balances                                                           | <u>80,012,446</u>    | <u>3,035,737</u>    | <u>45,701,104</u>    |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balances</b> | <u>\$ 98,712,339</u> | <u>\$ 3,168,793</u> | <u>\$ 47,982,272</u> |

The Notes to the Basic Financial Statements are an integral part of this statement.

| <b>Grants</b>       | <b>Debt<br/>Service</b> | <b>TIF #1<br/>EPIC CIP</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---------------------|-------------------------|----------------------------|--------------------------------------------|-----------------------------------------|
| \$ 2,225,767        | \$ 2,885,328            | \$ 26,352,114              | \$ 250,192,035                             | \$ 407,371,110                          |
| -                   | 1,620,141               | -                          | -                                          | 4,671,546                               |
| -                   | -                       | -                          | 8,484,120                                  | 16,994,050                              |
| -                   | -                       | -                          | 22,276                                     | 2,277,870                               |
| -                   | -                       | -                          | 4,323,406                                  | 7,000,632                               |
| 279,252             | -                       | -                          | 3,307,898                                  | 9,710,135                               |
| 22,179              | -                       | -                          | -                                          | 624,673                                 |
| -                   | -                       | -                          | 24,352                                     | 813,721                                 |
| -                   | -                       | -                          | 2,564,669                                  | 2,703,204                               |
| <u>\$ 2,527,198</u> | <u>\$ 4,505,469</u>     | <u>\$ 26,352,114</u>       | <u>\$ 268,918,756</u>                      | <u>\$ 452,166,941</u>                   |
| 2,361,862           | 7,613                   | 478,715                    | 7,036,362                                  | 17,902,343                              |
| 377,462             | -                       | -                          | 204,842                                    | 802,432                                 |
| 59,289              | -                       | 331,823                    | 763,364                                    | 6,313,714                               |
| -                   | -                       | -                          | 43,000                                     | 43,000                                  |
| 373,979             | -                       | -                          | 3,357,726                                  | 4,027,981                               |
| 3,172,592           | 7,613                   | 810,538                    | 11,405,294                                 | 29,089,470                              |
| -                   | -                       | -                          | 4,159,408                                  | 6,663,647                               |
| -                   | 1,579,960               | -                          | -                                          | 6,496,405                               |
| -                   | 1,579,960               | -                          | 4,159,408                                  | 13,160,052                              |
| -                   | -                       | -                          | 2,589,021                                  | 3,516,925                               |
| -                   | 2,917,896               | 25,541,576                 | 186,753,359                                | 263,949,672                             |
| -                   | -                       | -                          | 64,011,674                                 | 64,011,674                              |
| -                   | -                       | -                          | -                                          | 2,062,553                               |
| (645,394)           | -                       | -                          | -                                          | 76,376,595                              |
| (645,394)           | 2,917,896               | 25,541,576                 | 253,354,054                                | 409,917,419                             |
| <u>\$ 2,527,198</u> | <u>\$ 4,505,469</u>     | <u>\$ 26,352,114</u>       | <u>\$ 268,918,756</u>                      | <u>\$ 452,166,941</u>                   |

# City of Grand Prairie, Texas

## Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2025

|                                                                                                                                                                                                                                                                                                                                                                                                                       |    |                    |                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------------|----------------------|
| <b>Total fund balance - total governmental funds</b>                                                                                                                                                                                                                                                                                                                                                                  |    | \$                 | 409,917,419          |
| Amounts reported for governmental activities in the statement of net position are different because:                                                                                                                                                                                                                                                                                                                  |    |                    |                      |
| Capital assets used in governmental activities are not financial resources; and, therefore, are not reported in the funds (excluding internal service funds' capital assets of \$1,269,603).                                                                                                                                                                                                                          |    |                    | 880,823,361          |
| Certain revenues are not available to pay for current-period expenditures; therefore, these revenues are deferred in the funds.                                                                                                                                                                                                                                                                                       |    |                    | 6,496,405            |
| Certain assets and liabilities do not provide or require the use of current financial resources; therefore, these assets and liabilities are not reported in the governmental funds.                                                                                                                                                                                                                                  |    |                    |                      |
| Accrued interest on long-term debt                                                                                                                                                                                                                                                                                                                                                                                    | \$ | (3,878,467)        |                      |
| Unamortized loss of bond refunding                                                                                                                                                                                                                                                                                                                                                                                    |    | 7,720,820          |                      |
| Deferred pension and OPEB contributions, and investment and actuarial experience (excluding internal service fund totals of \$271,285).                                                                                                                                                                                                                                                                               |    | <u>16,063,685</u>  | 19,906,038           |
| Internal service funds are used by management to charge the cost of certain activities, such as employee health insurance, risk management insurance, and fleet services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide statement of net position (net of amount allocated to business-type activities of \$3,992,612). |    |                    | 22,166,895           |
| Noncurrent liabilities are not due and payable in the current period; therefore, they are not reported in the governmental fund balance sheet. These noncurrent liabilities are as follows:                                                                                                                                                                                                                           |    |                    |                      |
| Long-term debt                                                                                                                                                                                                                                                                                                                                                                                                        | \$ | (613,152,332)      |                      |
| Unamortized bond premium/discount, net                                                                                                                                                                                                                                                                                                                                                                                |    | (36,923,408)       |                      |
| Compensated absences (excluding internal service fund totals of \$406,657)                                                                                                                                                                                                                                                                                                                                            |    | (34,101,722)       |                      |
| Other post-employment benefits (excluding internal service fund totals of \$1,120,765)                                                                                                                                                                                                                                                                                                                                |    | (66,364,151)       |                      |
| Net pension liability (excluding internal service fund totals of \$123,590)                                                                                                                                                                                                                                                                                                                                           |    | (7,318,201)        |                      |
| Environmental remediation obligation                                                                                                                                                                                                                                                                                                                                                                                  |    | (1,792,706)        |                      |
| Other liabilities                                                                                                                                                                                                                                                                                                                                                                                                     |    | <u>(1,072,322)</u> | <u>(760,724,842)</u> |
| <b>Net position of governmental activities</b>                                                                                                                                                                                                                                                                                                                                                                        |    | \$                 | <u>578,585,276</u>   |



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# City of Grand Prairie, Texas

## Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds For the Year Ended September 30, 2025

|                                                              | General              | Section 8           | Streets<br>CIP       |
|--------------------------------------------------------------|----------------------|---------------------|----------------------|
| <b>REVENUES</b>                                              |                      |                     |                      |
| Property taxes                                               | \$ 93,811,420        | \$ -                | \$ -                 |
| Sales taxes                                                  | 49,148,667           | -                   | -                    |
| Other taxes                                                  | 679,338              | -                   | -                    |
| Franchise fees                                               | 15,958,788           | -                   | -                    |
| Charges for goods and services                               | 8,410,986            | 12,360,713          | -                    |
| Licenses and permits                                         | 3,608,611            | 2,555               | -                    |
| Fines and forfeitures                                        | 6,436,166            | -                   | -                    |
| Intergovernmental                                            | 3,770,569            | 54,051,416          | 367,010              |
| General and administrative                                   | 6,296,637            | -                   | -                    |
| Rents and royalties                                          | 386,322              | -                   | -                    |
| Interest and investment income (losses)                      | (5,311,109)          | 73,293              | 2,550,239            |
| Contributions                                                | 148,558              | -                   | -                    |
| Other                                                        | 5,335,613            | 96,888              | -                    |
| Total revenues                                               | 188,680,566          | 66,584,865          | 2,917,249            |
| <b>EXPENDITURES</b>                                          |                      |                     |                      |
| Current operations:                                          |                      |                     |                      |
| Support services                                             | 40,770,410           | -                   | -                    |
| Public safety services                                       | 114,083,289          | -                   | -                    |
| Recreation and leisure services                              | 3,784,023            | -                   | -                    |
| Development services and other                               | 17,224,968           | 66,062,734          | 8,689,585            |
| Capital outlay                                               | 2,135,986            | 7,542               | 6,211,113            |
| Debt service:                                                |                      |                     |                      |
| Principal retirement                                         | 1,261,458            | 5,085               | -                    |
| Interest and other charges                                   | 47,043               | 351                 | -                    |
| Total expenditures                                           | 179,307,177          | 66,075,712          | 14,900,698           |
| Excess (deficiency) of revenues<br>over (under) expenditures | 9,373,389            | 509,153             | (11,983,449)         |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                      |                     |                      |
| Transfers in                                                 | 265,799              | -                   | -                    |
| Transfers out                                                | (9,790,154)          | -                   | (3,988,923)          |
| Issuance of debt-bonds                                       | -                    | -                   | 25,831,000           |
| Premium on bonds issued                                      | -                    | -                   | -                    |
| Issuance of debt- leases and SBITAs                          | 1,442,313            | 7,542               | -                    |
| Proceeds from the sale of assets                             | 2,586,917            | 6,762               | -                    |
| Total other financing sources (uses)                         | (5,495,125)          | 14,304              | 21,842,077           |
| Net change in fund balances                                  | 3,878,264            | 523,457             | 9,858,628            |
| Fund balances - beginning of year                            | 76,134,182           | 2,512,280           | 35,842,476           |
| <b>Fund balances - end of year</b>                           | <b>\$ 80,012,446</b> | <b>\$ 3,035,737</b> | <b>\$ 45,701,104</b> |

The Notes to the Basic Financial Statements are an integral part of this statement.

| <b>Grants</b>       | <b>Debt<br/>Service</b> | <b>TIF #1<br/>EPIC CIP</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---------------------|-------------------------|----------------------------|--------------------------------------------|-----------------------------------------|
| \$ -                | \$ 54,142,276           | \$ -                       | \$ 14,137,554                              | \$ 162,091,250                          |
| -                   | -                       | -                          | 49,031,237                                 | 98,179,904                              |
| -                   | -                       | -                          | 6,581,081                                  | 7,260,419                               |
| -                   | -                       | -                          | -                                          | 15,958,788                              |
| 34,991              | -                       | -                          | 19,765,346                                 | 40,572,036                              |
| -                   | -                       | -                          | 946,933                                    | 4,558,099                               |
| -                   | -                       | -                          | 612,628                                    | 7,048,794                               |
| 15,591,520          | -                       | -                          | 604,892                                    | 74,385,407                              |
| -                   | -                       | -                          | -                                          | 6,296,637                               |
| -                   | -                       | -                          | 4,530,156                                  | 4,916,478                               |
| 179,370             | 371,544                 | 960,178                    | 9,839,714                                  | 8,663,229                               |
| 52,841              | -                       | -                          | 2,100,531                                  | 2,301,930                               |
| -                   | 750                     | -                          | 5,555,374                                  | 10,988,625                              |
| 15,858,722          | 54,514,570              | 960,178                    | 113,705,446                                | 443,221,596                             |
| -                   | -                       | -                          | 71,163                                     | 40,841,573                              |
| 992,459             | -                       | -                          | 13,166,016                                 | 128,241,764                             |
| 1,446,804           | -                       | 972,183                    | 35,839,100                                 | 42,042,110                              |
| 10,578,144          | -                       | -                          | 23,772,591                                 | 126,328,022                             |
| 11,689,511          | -                       | 3,167,456                  | 58,282,867                                 | 81,494,475                              |
| 19,430              | 38,930,000              | -                          | 6,125,317                                  | 46,341,290                              |
| 39                  | 17,549,576              | -                          | 2,072,947                                  | 19,669,956                              |
| 24,726,387          | 56,479,576              | 4,139,639                  | 139,330,001                                | 484,959,190                             |
| (8,867,665)         | (1,965,006)             | (3,179,461)                | (25,624,555)                               | (41,737,594)                            |
| 4,008,735           | 3,362,292               | 5,850,000                  | 23,357,033                                 | 36,843,859                              |
| (474,822)           | -                       | -                          | (16,187,062)                               | (30,440,961)                            |
| -                   | -                       | -                          | 55,749,000                                 | 81,580,000                              |
| -                   | -                       | -                          | 7,099,694                                  | 7,099,694                               |
| 3,234               | -                       | -                          | 51,670                                     | 1,504,759                               |
| 1,879               | -                       | -                          | 87,208                                     | 2,682,766                               |
| 3,539,026           | 3,362,292               | 5,850,000                  | 70,157,543                                 | 99,270,117                              |
| (5,328,639)         | 1,397,286               | 2,670,539                  | 44,532,988                                 | 57,532,523                              |
| 4,683,245           | 1,520,610               | 22,871,037                 | 208,821,066                                | 352,384,896                             |
| <u>\$ (645,394)</u> | <u>\$ 2,917,896</u>     | <u>\$ 25,541,576</u>       | <u>\$ 253,354,054</u>                      | <u>\$ 409,917,419</u>                   |

# City of Grand Prairie, Texas

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities For the Year Ended September 30, 2025

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |    |                |                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------|-------------------|
| <b>Net change in fund balances - total governmental funds</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |    | \$             | 57,532,523        |
| 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, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.                                                                                                                                                                                                                                                                                              |    |                | 81,494,475        |
| Depreciation and amortization on capital assets are reported in the government-wide statement of activities, but does not require the use of current financial resources. Therefore, depreciation is not reported as expenditures in the governmental funds (except for internal service fund depreciation and amortization totaling \$174,366).                                                                                                                                                                                                                                                      |    |                | (50,382,363)      |
| Governmental funds do not report capital contributions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |    |                | 3,311,961         |
| The net effect of various transactions involving capital assets (i.e., disposals, sales, and reassignments) are not reported in the governmental funds.                                                                                                                                                                                                                                                                                                                                                                                                                                               |    |                | (746,623)         |
| The issuance of long-term debt (i.e., bonds) provides current financial resources to the governmental funds, while repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. |    |                |                   |
| Bonds issued                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | \$ | (81,580,000)   |                   |
| Proceeds, adjustments, and amortization-leases and SBITAs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |    | (984,884)      |                   |
| Principal retirement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    | 46,341,290     |                   |
| Bond premium issued                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |    | (7,099,694)    |                   |
| Amortization of bond premiums/discounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |    | 2,800,565      |                   |
| Amortization of loss on refundings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    | <u>475,932</u> | (40,046,791)      |
| Some expense accruals reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.                                                                                                                                                                                                                                                                                                                                                                                                       |    |                |                   |
| Accrued interest                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | \$ | (1,178,789)    |                   |
| Compensated absences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    | (8,674,838)    |                   |
| Pollution remediation obligation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    | (1,077,469)    |                   |
| Post-employment benefit obligation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |    | (9,018,001)    |                   |
| Pension liability                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    | 12,989,948     |                   |
| Deferred pension and OPEB contributions, and investment and actuarial experience                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |    | (11,445,825)   |                   |
| Other liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    | <u>877,718</u> | (17,527,256)      |
| Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |    |                | 3,121,568         |
| 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 operating loss of the internal service funds is reported with governmental activities (net of the amount allocated to business-type activities of \$538,343).                                                                                                                                                                                                                                                                          |    |                | <u>(852,542)</u>  |
| <b>Change in net position of governmental activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |    | \$             | <u>35,904,952</u> |

The Notes to the Basic Financial Statements are an integral part of this statement.

# City of Grand Prairie, Texas

## Statement of Net Position

### Proprietary Funds

September 30, 2025

|                                                                                                          | Business-Type Activities - Enterprise Funds |               |                           |                | Governmental Activities Internal Service Funds |
|----------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------|---------------------------|----------------|------------------------------------------------|
|                                                                                                          | Water Wastewater                            | Solid Waste   | Nonmajor Enterprise Funds | Total          |                                                |
| <b>ASSETS</b>                                                                                            |                                             |               |                           |                |                                                |
| Current assets:                                                                                          |                                             |               |                           |                |                                                |
| Cash, cash equivalents and investments                                                                   | \$ 167,754,313                              | \$ 17,810,589 | \$ 8,422,654              | \$ 193,987,556 | \$ 32,609,340                                  |
| Accounts receivable, net                                                                                 | 16,250,015                                  | 2,246,538     | 836,134                   | 19,332,687     | 481                                            |
| Lease receivables                                                                                        | 158,989                                     | -             | 9,695                     | 168,684        | -                                              |
| Inventories and supplies                                                                                 | 938,788                                     | -             | 133,738                   | 1,072,526      | 168,193                                        |
| Prepays                                                                                                  | -                                           | -             | -                         | -              | -                                              |
| Restricted assets:                                                                                       |                                             |               |                           |                |                                                |
| Cash, cash equivalents and investments                                                                   | 7,426,725                                   | -             | 86,311                    | 7,513,036      | -                                              |
| Total current assets                                                                                     | 192,528,830                                 | 20,057,127    | 9,488,532                 | 222,074,489    | 32,778,014                                     |
| Noncurrent assets:                                                                                       |                                             |               |                           |                |                                                |
| Capital assets:                                                                                          |                                             |               |                           |                |                                                |
| Land                                                                                                     | 4,605,014                                   | 5,271,006     | 759,707                   | 10,635,727     | 737,566                                        |
| Buildings                                                                                                | 2,931,097                                   | 1,995,673     | 18,463,461                | 23,390,231     | 2,014,390                                      |
| Equipment                                                                                                | 18,991,076                                  | 21,338,833    | 2,900,482                 | 43,230,391     | 3,143,062                                      |
| Infrastructure                                                                                           | 435,112,012                                 | 17,530,498    | 66,855,725                | 519,498,235    | 200,000                                        |
| Right to use leased assets                                                                               | 326,316                                     | 8,514         | 901,131                   | 1,235,961      | 517                                            |
| Construction in progress                                                                                 | 68,618,051                                  | 310,106       | 79,925                    | 69,008,082     | -                                              |
| Less: accumulated depreciation/ amortization                                                             | (271,765,704)                               | (23,714,427)  | (40,869,421)              | (336,349,552)  | (4,825,932)                                    |
| Total noncurrent assets                                                                                  | 258,817,862                                 | 22,740,203    | 49,091,010                | 330,649,075    | 1,269,603                                      |
| Total assets                                                                                             | 451,346,692                                 | 42,797,330    | 58,579,542                | 552,723,564    | 34,047,617                                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                                                    |                                             |               |                           |                |                                                |
| Deferred charges for refundings                                                                          | 317,783                                     | -             | -                         | 317,783        | -                                              |
| Related to OPEB                                                                                          | 647,250                                     | 242,433       | 217,275                   | 1,106,958      | 171,533                                        |
| Related to TMRs pension                                                                                  | 1,968,245                                   | 737,222       | 660,718                   | 3,366,185      | 521,620                                        |
| Total deferred outflows of resources                                                                     | 2,933,278                                   | 979,655       | 877,993                   | 4,790,926      | 693,153                                        |
| <b>LIABILITIES</b>                                                                                       |                                             |               |                           |                |                                                |
| Current liabilities:                                                                                     |                                             |               |                           |                |                                                |
| Accounts payable                                                                                         | 8,408,321                                   | 1,203,638     | 376,495                   | 9,988,454      | 588,884                                        |
| Retainage payable                                                                                        | 1,605,961                                   | -             | -                         | 1,605,961      | -                                              |
| Accrued interest                                                                                         | 432,922                                     | -             | -                         | 432,922        | -                                              |
| Accrued liabilities                                                                                      | 1,150,213                                   | 238,546       | 117,212                   | 1,505,971      | 5,919,131                                      |
| Compensated absences                                                                                     | 658,693                                     | 227,913       | 253,155                   | 1,139,761      | 152,043                                        |
| Unearned revenue                                                                                         | 631,175                                     | -             | 69,847                    | 701,022        | -                                              |
| Current portion of long-term debt                                                                        | 5,255,599                                   | 4,105         | 182,622                   | 5,442,326      | 368                                            |
| Current liabilities payable from restricted assets:                                                      |                                             |               |                           |                |                                                |
| Customer deposits                                                                                        | 7,426,725                                   | -             | 86,311                    | 7,513,036      | -                                              |
| Total current liabilities                                                                                | 25,569,609                                  | 1,674,202     | 1,085,642                 | 28,329,453     | 6,660,426                                      |
| Noncurrent liabilities:                                                                                  |                                             |               |                           |                |                                                |
| Compensated absences                                                                                     | 641,753                                     | 420,814       | 429,566                   | 1,492,133      | 254,614                                        |
| Other postemployment benefits                                                                            | 4,229,014                                   | 1,584,013     | 1,419,634                 | 7,232,661      | 1,120,765                                      |
| Closure and postclosure liability                                                                        | -                                           | 11,748,056    | -                         | 11,748,056     | -                                              |
| Net pension liability                                                                                    | 466,348                                     | 174,674       | 156,548                   | 797,570        | 123,590                                        |
| Long-term debt                                                                                           | 58,090,783                                  | 1,746         | 603,409                   | 58,695,938     | -                                              |
| Total noncurrent liabilities                                                                             | 63,427,898                                  | 13,929,303    | 2,609,157                 | 79,966,358     | 1,498,969                                      |
| Total liabilities                                                                                        | 88,997,507                                  | 15,603,505    | 3,694,799                 | 108,295,811    | 8,159,395                                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                                     |                                             |               |                           |                |                                                |
| Related to leases                                                                                        | 192,519                                     | -             | 9,584                     | 202,103        | -                                              |
| Related to OPEB                                                                                          | 768,128                                     | 287,709       | 257,852                   | 1,313,689      | 152,632                                        |
| Related to TMRs pension                                                                                  | 823,718                                     | 308,530       | 276,514                   | 1,408,762      | 269,236                                        |
| Total deferred inflows of resources                                                                      | 1,784,365                                   | 596,239       | 543,950                   | 2,924,554      | 421,868                                        |
| <b>NET POSITION</b>                                                                                      |                                             |               |                           |                |                                                |
| Net investment in capital assets                                                                         | 203,723,302                                 | 22,734,352    | 48,304,979                | 274,762,633    | 1,269,603                                      |
| Restricted for:                                                                                          |                                             |               |                           |                |                                                |
| Debt service                                                                                             | 4,170,857                                   | -             | -                         | 4,170,857      | -                                              |
| Capital projects                                                                                         | 62,608,490                                  | 2,974,987     | -                         | 65,583,477     | -                                              |
| Unrestricted                                                                                             | 92,995,449                                  | 1,867,902     | 6,913,807                 | 101,777,158    | 24,889,904                                     |
| Total net position                                                                                       | \$ 363,498,098                              | \$ 27,577,241 | \$ 55,218,786             | \$ 446,294,125 | \$ 26,159,507                                  |
| <b>Reconciliation to the government-wide Statement of Net Position:</b>                                  |                                             |               |                           |                |                                                |
| Adjustments to reflect the consolidation of internal service fund activities related to Enterprise Funds |                                             |               |                           | 3,992,612      |                                                |
| Net position of business-type activities                                                                 |                                             |               |                           | \$ 450,286,737 |                                                |

The Notes to the Basic Financial Statements are an integral part of this statement.

**City of Grand Prairie, Texas**  
**Statement of Revenues, Expenses,**  
**And Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2025**

|                                                                                                          | <b>Business-Type Activities - Enterprise Funds</b> |                      |                                  |                       | <b>Governmental Activities Internal Service Funds</b> |
|----------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------|----------------------------------|-----------------------|-------------------------------------------------------|
|                                                                                                          | <b>Water Wastewater</b>                            | <b>Solid Waste</b>   | <b>Nonmajor Enterprise Funds</b> | <b>Total</b>          |                                                       |
| <b>OPERATING REVENUES</b>                                                                                |                                                    |                      |                                  |                       |                                                       |
| Water sales                                                                                              | \$ 66,479,741                                      | \$ -                 | \$ -                             | \$ 66,479,741         | \$ -                                                  |
| Wastewater services                                                                                      | 47,369,557                                         | -                    | -                                | 47,369,557            | -                                                     |
| Water and wastewater fees                                                                                | 2,787,524                                          | -                    | -                                | 2,787,524             | -                                                     |
| Wastewater surcharges                                                                                    | 1,002,435                                          | -                    | -                                | 1,002,435             | -                                                     |
| Solid waste fees                                                                                         | -                                                  | 19,328,585           | -                                | 19,328,585            | -                                                     |
| Charges for services                                                                                     | -                                                  | -                    | 14,613,495                       | 14,613,495            | 7,952,892                                             |
| Intergovernmental revenue                                                                                | -                                                  | 60,414               | 203,546                          | 263,960               | 32,366,685                                            |
| Miscellaneous                                                                                            | 289,708                                            | 72,232               | 816,063                          | 1,178,003             | 1,202,244                                             |
| Total operating revenue                                                                                  | 117,928,965                                        | 19,461,231           | 15,633,104                       | 153,023,300           | 41,521,821                                            |
| <b>OPERATING EXPENSES</b>                                                                                |                                                    |                      |                                  |                       |                                                       |
| Salaries and benefits                                                                                    | 12,874,397                                         | 4,774,998            | 4,782,189                        | 22,431,584            | 3,480,813                                             |
| Supplies and miscellaneous purchases                                                                     | 1,692,650                                          | 655,239              | 1,675,955                        | 4,023,844             | 3,984,178                                             |
| Purchased services                                                                                       | 12,280,031                                         | 8,370,343            | 2,520,081                        | 23,170,455            | 1,782,774                                             |
| Insurance costs                                                                                          | -                                                  | -                    | -                                | -                     | 31,934,558                                            |
| Water purchases                                                                                          | 21,422,057                                         | -                    | -                                | 21,422,057            | -                                                     |
| Wastewater treatment                                                                                     | 24,570,345                                         | -                    | -                                | 24,570,345            | -                                                     |
| General and administrative costs                                                                         | 5,138,301                                          | 565,497              | 238,199                          | 5,941,997             | -                                                     |
| Franchise fees                                                                                           | 4,229,142                                          | 493,721              | 336,986                          | 5,059,849             | -                                                     |
| Miscellaneous                                                                                            | 2,705,777                                          | 1,544,293            | 883,534                          | 5,133,604             | 2,373,145                                             |
| Lease Interest                                                                                           | -                                                  | -                    | -                                | -                     | 6                                                     |
| Depreciation                                                                                             | 14,590,591                                         | 3,163,442            | 2,486,065                        | 20,240,098            | 174,366                                               |
| Total operating expenses                                                                                 | 99,503,291                                         | 19,567,533           | 12,923,009                       | 131,993,833           | 43,729,840                                            |
| Operating income                                                                                         | 18,425,674                                         | (106,302)            | 2,710,095                        | 21,029,467            | (2,208,019)                                           |
| <b>NONOPERATING REVENUES (EXPENSES)</b>                                                                  |                                                    |                      |                                  |                       |                                                       |
| Interest income                                                                                          | 5,723,957                                          | 924,638              | 326,523                          | 6,975,118             | -                                                     |
| Investment income                                                                                        | 147,889                                            | -                    | -                                | 147,889               | 1,643,069                                             |
| Gain (loss) on property disposition                                                                      | 34,811                                             | 13,215               | 185,693                          | 233,719               | 5,197                                                 |
| Interest expense                                                                                         | (1,893,489)                                        | (114)                | (13,492)                         | (1,907,095)           | -                                                     |
| Total nonoperating revenues (expenses)                                                                   | 4,013,168                                          | 937,739              | 498,724                          | 5,449,631             | 1,648,266                                             |
| Income before contributions and transfers                                                                | 22,438,842                                         | 831,437              | 3,208,819                        | 26,479,098            | (559,753)                                             |
| <b>CONTRIBUTIONS AND TRANSFERS</b>                                                                       |                                                    |                      |                                  |                       |                                                       |
| Capital contributions-impact fees                                                                        | 3,241,410                                          | -                    | -                                | 3,241,410             | -                                                     |
| Capital contributions                                                                                    | 14,956,334                                         | -                    | 5,645,014                        | 20,601,348            | -                                                     |
| Transfers out - capital assets                                                                           | -                                                  | -                    | (9,605)                          | (9,605)               | -                                                     |
| Transfers in                                                                                             | 16,000                                             | 105,500              | 422,768                          | 544,268               | -                                                     |
| Transfers out                                                                                            | (1,601,404)                                        | (364,855)            | (4,563,592)                      | (6,529,851)           | (422,768)                                             |
| Total contributions and transfers                                                                        | 16,612,340                                         | (259,355)            | 1,494,585                        | 17,847,570            | (422,768)                                             |
| Change in net position                                                                                   | 39,051,182                                         | 572,082              | 4,703,404                        | 44,326,668            | (982,521)                                             |
| Net position - beginning of year                                                                         | 324,446,916                                        | 27,005,159           | 50,515,382                       | 401,967,457           | 27,142,028                                            |
| <b>Net position - end of year</b>                                                                        | <b>\$ 363,498,098</b>                              | <b>\$ 27,577,241</b> | <b>\$ 55,218,786</b>             | <b>\$ 446,294,125</b> | <b>\$ 26,159,507</b>                                  |
| <b>Reconciliation to government-wide Statement of Activities:</b>                                        |                                                    |                      |                                  |                       |                                                       |
| Total change in net position                                                                             |                                                    |                      |                                  | \$ 44,326,668         |                                                       |
| Adjustments to reflect the consolidation of internal service fund activities related to Enterprise Funds |                                                    |                      |                                  | (129,979)             |                                                       |
| Change in net position of business-type activities                                                       |                                                    |                      |                                  | <u>\$ 44,196,689</u>  |                                                       |

The Notes to the Basic Financial Statements are an integral part of this statement.

**City of Grand Prairie, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2025**

|                                                                                                        | <b>Business-Type Activities - Enterprise Funds</b> |                      |                       |                       | <b>Governmental Activities Internal Service Funds</b> |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------|-----------------------|-----------------------|-------------------------------------------------------|
|                                                                                                        | <b>Water Wastewater</b>                            | <b>Solid Waste</b>   | <b>Other Nonmajor</b> | <b>Total</b>          |                                                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                            |                                                    |                      |                       |                       |                                                       |
| Cash receipts from customers                                                                           | \$ 111,648,008                                     | \$ 18,606,107        | \$ 14,627,128         | \$ 144,881,243        | \$ -                                                  |
| Cash receipts from city and employee contributions                                                     | -                                                  | -                    | -                     | -                     | 32,366,685                                            |
| Cash receipts from inter-fund services provided                                                        | -                                                  | -                    | -                     | -                     | 7,952,622                                             |
| Cash receipts from other governments                                                                   | -                                                  | 60,414               | 203,546               | 263,960               | -                                                     |
| Other operating cash receipts                                                                          | 289,708                                            | 72,232               | 816,063               | 1,178,003             | 1,202,244                                             |
| Cash payments to suppliers for goods and services                                                      | (62,959,961)                                       | (8,521,045)          | (4,966,141)           | (76,447,147)          | (9,318,765)                                           |
| Cash payments to employees for services                                                                | (10,827,122)                                       | (4,227,253)          | (4,043,455)           | (19,097,830)          | (2,475,541)                                           |
| Cash payments for interfund services used                                                              | -                                                  | -                    | (336,986)             | (336,986)             | (31,297,420)                                          |
| Other operating cash payments                                                                          | (6,934,919)                                        | (2,038,014)          | (238,199)             | (9,211,132)           | -                                                     |
| Net cash provided by (used in) operating activities                                                    | 31,215,714                                         | 3,952,441            | 6,061,956             | 41,230,111            | (1,570,175)                                           |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                                 |                                                    |                      |                       |                       |                                                       |
| Transfers from other funds                                                                             | 16,000                                             | 105,500              | 422,768               | 544,268               | -                                                     |
| Transfers to other funds                                                                               | (1,601,404)                                        | (364,855)            | (4,563,592)           | (6,529,851)           | (422,768)                                             |
| Contributions from other governments                                                                   | 2,541,912                                          | -                    | -                     | 2,541,912             | -                                                     |
| Net cash provided by (used in) noncapital financing activities                                         | 956,508                                            | (259,355)            | (4,140,824)           | (3,443,671)           | (422,768)                                             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                        |                                                    |                      |                       |                       |                                                       |
| Proceeds from issuance of liabilities                                                                  | 30,419,200                                         | -                    | (786,031)             | 29,633,169            | -                                                     |
| Capital impact fees from developers                                                                    | 3,241,410                                          | -                    | -                     | 3,241,410             | -                                                     |
| Proceeds from disposition of capital assets                                                            | 38,259                                             | 70,431               | 832,406               | 941,096               | 5,197                                                 |
| Acquisition and construction of capital assets                                                         | (35,385,592)                                       | (2,868,099)          | (1,530,063)           | (39,783,754)          | (20,465)                                              |
| Principal paid on debt                                                                                 | (5,500,000)                                        | -                    | -                     | (5,500,000)           | -                                                     |
| Interest paid on debt                                                                                  | (1,552,408)                                        | (114)                | (13,454)              | (1,565,976)           | (6)                                                   |
| Other fiscal fees paid                                                                                 | (45,000)                                           | -                    | -                     | (45,000)              | -                                                     |
| Net cash provided by (used in) capital and related financing activities                                | (8,784,131)                                        | (2,797,782)          | (1,497,142)           | (13,079,055)          | (15,274)                                              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                            |                                                    |                      |                       |                       |                                                       |
| Interest received on investments                                                                       | 5,871,846                                          | 924,638              | 326,523               | 7,123,007             | 1,643,069                                             |
| Net cash provided by (used in) investing activities                                                    | 5,871,846                                          | 924,638              | 326,523               | 7,123,007             | 1,643,069                                             |
| Net (decrease) increase in cash and equivalents                                                        | 29,259,937                                         | 1,819,942            | 750,513               | 31,830,392            | (365,148)                                             |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>                                                    | <u>145,921,101</u>                                 | <u>15,990,647</u>    | <u>7,758,452</u>      | <u>169,670,200</u>    | <u>32,974,488</u>                                     |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                                                          | <u>\$ 175,181,038</u>                              | <u>\$ 17,810,589</u> | <u>\$ 8,508,965</u>   | <u>\$ 201,500,592</u> | <u>\$ 32,609,340</u>                                  |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b> |                                                    |                      |                       |                       |                                                       |
| Operating income (loss)                                                                                | \$ 18,425,674                                      | \$ (106,302)         | \$ 2,710,095          | \$ 21,029,467         | \$ (2,208,019)                                        |
| Adjustments to operating income (loss) to net cash from operating activities:                          |                                                    |                      |                       |                       |                                                       |
| Depreciation/amortization                                                                              | 14,590,591                                         | 3,163,442            | 2,486,065             | 20,240,098            | 174,366                                               |
| Provisions for uncollectible accounts                                                                  | -                                                  | 954,093              | -                     | 954,093               | -                                                     |
| Changes in assets and liabilities:                                                                     |                                                    |                      |                       |                       |                                                       |
| (Increase) decrease in accounts receivable                                                             | (6,062,296)                                        | (1,676,571)          | 12,203                | (7,726,664)           | -                                                     |
| (Increase) decrease in inventories and supplies                                                        | (195,290)                                          | -                    | 8,593                 | (186,697)             | (14,564)                                              |
| (Increase) decrease in prepaids                                                                        | 2,066,652                                          | -                    | 33,600                | 2,100,252             | (270)                                                 |
| Increase (decrease) in accounts payable                                                                | 526,272                                            | 479,939              | 57,453                | 1,063,664             | (526,960)                                             |
| Increase (decrease) in retainage payable                                                               | (254,211)                                          | -                    | -                     | (254,211)             | -                                                     |
| Increase (decrease) in accrued liabilities                                                             | 624,130                                            | 590,095              | 24,836                | 1,239,061             | 525,278                                               |
| Increase (decrease) in customer deposits                                                               | 345,478                                            | -                    | 1,430                 | 346,908               | -                                                     |
| Increase (decrease) in unearned revenue                                                                | (274,431)                                          | -                    | (11,053)              | (285,484)             | -                                                     |
| Increase (decrease) in compensated absences                                                            | 936,663                                            | 505,300              | 522,744               | 1,964,707             | 303,231                                               |
| Increase (decrease) in OPEB liability                                                                  | 188,614                                            | (111,954)            | 132,142               | 208,802               | 61,544                                                |
| Increase (decrease) in pension liability                                                               | 297,868                                            | 154,399              | 83,848                | 536,115               | 115,219                                               |
| Net cash provided by (used in) operating activities                                                    | <u>\$ 31,215,714</u>                               | <u>\$ 3,952,441</u>  | <u>\$ 6,061,956</u>   | <u>\$ 41,230,111</u>  | <u>\$ (1,570,175)</u>                                 |
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>                                             |                                                    |                      |                       |                       |                                                       |
| Capital contributions from developers/granting agencies                                                | \$ 14,956,334                                      | \$ -                 | \$ 5,645,014          | \$ 20,601,348         | \$ -                                                  |
|                                                                                                        | <u>\$ 14,956,334</u>                               | <u>\$ -</u>          | <u>\$ 5,645,014</u>   | <u>\$ 20,601,348</u>  | <u>\$ -</u>                                           |
| <b>RECONCILIATION OF ENDING CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>                 |                                                    |                      |                       |                       |                                                       |
| Unrestricted cash and cash equivalents - end of year                                                   | \$ 167,754,313                                     | \$ 17,810,589        | \$ 8,422,654          | \$ 193,987,556        | \$ 32,609,340                                         |
| Restricted cash and cash equivalents - end of year                                                     | 7,426,725                                          | -                    | 86,311                | 7,513,036             | -                                                     |
| <b>TOTAL CASH AND CASH EQUIVALENTS, end of year</b>                                                    | <u>\$ 175,181,038</u>                              | <u>\$ 17,810,589</u> | <u>\$ 8,508,965</u>   | <u>\$ 201,500,592</u> | <u>\$ 32,609,340</u>                                  |

The Notes to the Basic Financial Statements are an integral part of this statement.

# City of Grand Prairie, Texas

## Statement of Net Position

### Discretely Presented Component Units

September 30, 2025

|                                             | Business-Type Activities                             |                                                    | Governmental Activities                             |                                                      | Total<br>Component Units |
|---------------------------------------------|------------------------------------------------------|----------------------------------------------------|-----------------------------------------------------|------------------------------------------------------|--------------------------|
|                                             | Grand Prairie<br>Sports<br>Facilities<br>Development | Grand Prairie<br>Housing<br>Finance<br>Corporation | Grand Prairie<br>Local<br>Government<br>Corporation | Grand Prairie<br>Hotel<br>Development<br>Corporation |                          |
| <b>ASSETS</b>                               |                                                      |                                                    |                                                     |                                                      |                          |
| Cash, cash equivalents and investments      | \$ 17,247,494                                        | \$ 651,668                                         | \$ 242,582                                          | \$ 135,575                                           | \$ 18,277,319            |
| Investments                                 | -                                                    | 87,593                                             | -                                                   | -                                                    | 87,593                   |
| Receivables, net                            | 15,286                                               | 315,726                                            | -                                                   | 1,306,254                                            | 1,637,266                |
| Leases receivable                           | 3,330,528                                            | -                                                  | -                                                   | -                                                    | 3,330,528                |
| Prepays                                     | -                                                    | 459,542                                            | -                                                   | -                                                    | 459,542                  |
| Restricted assets:                          |                                                      |                                                    |                                                     |                                                      |                          |
| Cash and cash equivalents                   | -                                                    | 1,039,174                                          | -                                                   | -                                                    | 1,039,174                |
| Estimated unguaranteed residual value       | 7,443,374                                            | -                                                  | -                                                   | -                                                    | 7,443,374                |
| Capital assets:                             |                                                      |                                                    |                                                     |                                                      |                          |
| Nondepreciable                              | -                                                    | 1,612,851                                          | 17,231,353                                          | -                                                    | 18,844,204               |
| Depreciable, net                            | -                                                    | 7,882,960                                          | -                                                   | -                                                    | 7,882,960                |
| <b>Total assets</b>                         | <b>28,036,682</b>                                    | <b>12,049,514</b>                                  | <b>17,473,935</b>                                   | <b>1,441,829</b>                                     | <b>59,001,960</b>        |
| <b>LIABILITIES</b>                          |                                                      |                                                    |                                                     |                                                      |                          |
| Accounts payable                            | 4,495                                                | 533,716                                            | -                                                   | 929,996                                              | 1,468,207                |
| Accrued liabilities                         | -                                                    | 126,953                                            | -                                                   | -                                                    | 126,953                  |
| Customer deposits                           | -                                                    | 94,600                                             | -                                                   | -                                                    | 94,600                   |
| Noncurrent liabilities:                     |                                                      |                                                    |                                                     |                                                      |                          |
| Current portion of long-term debt           | -                                                    | 78,069                                             | -                                                   | -                                                    | 78,069                   |
| Due in more than one year:                  |                                                      |                                                    |                                                     |                                                      |                          |
| Long-term debt                              | -                                                    | 3,632,160                                          | -                                                   | -                                                    | 3,632,160                |
| <b>Total liabilities</b>                    | <b>4,495</b>                                         | <b>4,465,498</b>                                   | <b>-</b>                                            | <b>929,996</b>                                       | <b>5,399,989</b>         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                                                      |                                                    |                                                     |                                                      |                          |
| Related to leases                           | 386,060                                              | -                                                  | -                                                   | -                                                    | 386,060                  |
| <b>Total deferred outflows of resources</b> | <b>386,060</b>                                       | <b>-</b>                                           | <b>-</b>                                            | <b>-</b>                                             | <b>386,060</b>           |
| <b>NET POSITION</b>                         |                                                      |                                                    |                                                     |                                                      |                          |
| Net investment in capital assets            | -                                                    | 5,785,582                                          | 17,231,353                                          | -                                                    | 23,016,935               |
| Restricted for:                             |                                                      |                                                    |                                                     |                                                      |                          |
| Facility lease                              | 10,773,902                                           | -                                                  | -                                                   | -                                                    | 10,773,902               |
| Unrestricted                                | 16,872,225                                           | 1,798,434                                          | 242,582                                             | 511,833                                              | 19,425,074               |
| <b>Total net position</b>                   | <b>\$ 27,646,127</b>                                 | <b>\$ 7,584,016</b>                                | <b>\$ 17,473,935</b>                                | <b>\$ 511,833</b>                                    | <b>\$ 53,215,911</b>     |

The Notes to the Basic Financial Statements are an integral part of this statement.



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# City of Grand Prairie, Texas

## Statement of Activities

### Discretely Presented Component Units

For the Year Ended September 30, 2025

| Functions/Activity                          | Expenses             | Program Revenues        |                                          |                                        |
|---------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|
|                                             |                      | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| Component Units                             |                      |                         |                                          |                                        |
| Governmental activities:                    |                      |                         |                                          |                                        |
| Grand Prairie Local Government Corporation  | \$ 36,469            | \$ -                    | \$ -                                     | \$ -                                   |
| Grand Prairie Hotel Development Corporation | 14,589,153           | 14,940,950              | -                                        | -                                      |
| Total governmental activities               | 14,625,622           | 14,940,950              | -                                        | -                                      |
| Business-type activities:                   |                      |                         |                                          |                                        |
| Grand Prairie Sports Facilities Development | 7,258,146            | 522,450                 | -                                        | 506,731                                |
| Grand Prairie Housing Finance Corporation   | 5,296,020            | 6,344,712               | -                                        | 2,000                                  |
| Total business-type activities              | 12,554,166           | 6,867,162               | -                                        | 508,731                                |
| <b>Total Component Units</b>                | <b>\$ 27,179,788</b> | <b>\$ 21,808,112</b>    | <b>\$ -</b>                              | <b>\$ 508,731</b>                      |

General revenues:

Investment income (losses)

Miscellaneous revenue

Total general revenues

Change in net position

Net position - beginning of year

**Net position - end of year**

The Notes to the Basic Financial Statements are an integral part of this statement.

**Net (Expense) Revenue and  
Changes in Net Position**

| <b>Component Units</b>                                         |                                                              |                                                               |                                                                |                       |
|----------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------|-----------------------|
| <b>Grand Prairie<br/>Sports<br/>Facilities<br/>Development</b> | <b>Grand Prairie<br/>Housing<br/>Finance<br/>Corporation</b> | <b>Grand Prairie<br/>Local<br/>Government<br/>Corporation</b> | <b>Grand Prairie<br/>Hotel<br/>Development<br/>Corporation</b> | <b>Total</b>          |
| \$ -                                                           | \$ -                                                         | \$ (36,469)                                                   | \$ -                                                           | \$ (36,469)           |
| -                                                              | -                                                            | -                                                             | 351,797                                                        | 351,797               |
| -                                                              | -                                                            | (36,469)                                                      | 351,797                                                        | 315,328               |
| (6,228,965)                                                    | -                                                            | -                                                             | -                                                              | (6,228,965)           |
| -                                                              | 1,050,692                                                    | -                                                             | -                                                              | 1,050,692             |
| (6,228,965)                                                    | 1,050,692                                                    | -                                                             | -                                                              | (5,178,273)           |
| <u>\$ (6,228,965)</u>                                          | <u>\$ 1,050,692</u>                                          | <u>\$ (36,469)</u>                                            | <u>\$ 351,797</u>                                              | <u>\$ (4,862,945)</u> |
| \$ 449,609                                                     | \$ 23,636                                                    | \$ 3,849                                                      | \$ -                                                           | \$ 477,094            |
| -                                                              | -                                                            | 68                                                            | -                                                              | 68                    |
| 449,609                                                        | 23,636                                                       | 3,917                                                         | -                                                              | 477,162               |
| (5,779,356)                                                    | 1,074,328                                                    | (32,552)                                                      | 351,797                                                        | (4,385,783)           |
| 33,425,483                                                     | 6,509,688                                                    | 17,506,487                                                    | 160,036                                                        | 57,601,694            |
| <u>\$ 27,646,127</u>                                           | <u>\$ 7,584,016</u>                                          | <u>\$ 17,473,935</u>                                          | <u>\$ 511,833</u>                                              | <u>\$ 53,215,911</u>  |



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## **Notes to the Basic Financial Statements**



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## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Note 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 six 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) and the American Institute of Certified Public Accountants, as published in Audits of State and Local Governments.

##### B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate entities as component units within the City's reporting entity are set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. Based on this criterion, the City reports the following component units as part of the financial reporting entity:

##### Blended Component Units

###### Grand Prairie Crime Control and Prevention District

The City of Grand Prairie Crime Control and Prevention District (CCPD) was created in May 2007 under the provisions of the Crime Control and Prevention Act and the authority of Chapter 363, Texas Local Government Code, as amended (Act) by Resolution No. 2007-02 of the Grand Prairie City Council. The purpose of the CCPD is to provide crime control and crime prevention strategies, specific treatment, and prevention programs, and court and prosecution services, including the cost of personnel, administration, expansion, enhancement, and capital expenditures, and any other programs as authorized by Chapter 363.

Under the authority of the Act, the voters of Grand Prairie approved a proposition to levy and collect an additional quarter-cent sales and use tax for the purpose of funding the CCPD, which became effective October 1, 2007. In 2020, citizens voted to continue/renew the quarter-cent sales and use tax for this same purpose.

The CCPD's governing body is substantively the same as the governing body of the City, as the seven members of the CCPD's Board of Directors are all City council members. The City has operational responsibility for the CCPD, and the CCPD provides all of its services to the City. If the District is dissolved, its assets will become the City's property. For these reasons, the CCPD is reported as a blended component unit of the City and is reported as a special revenue fund within the City's governmental activities. This special revenue fund was established specifically to account for the accumulation and use of the quarter-cent sales tax revenue collected for the CCPD.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Discretely Presented Component Units

##### Grand Prairie Sports Facilities Development Corporation

The Sports Corporation was incorporated on June 10, 1992, under the provisions of the Development Corporation Act of 1979, as amended, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended (Act) by Resolution No. 2841 of the Grand Prairie City Council. The purpose of the Sports Corporation is to promote economic development within the City in order to reduce unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City by developing, implementing, providing, and financing projects authorized under the Act.

The Act provides that the City may levy a one-half cent sales and use tax for the benefit of the Sports Corporation, if the tax is authorized by a majority of the qualified voters in an election. On January 18, 1992, a majority of the voters approved a proposition to levy and collect an additional one-half cent sales and use tax for the purpose of constructing a horse racetrack. The one-half cent sales and use tax increase became effective April 1, 1993, 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 costs of the project. All bonds were redeemed on September 15, 2007. The sales tax was discontinued on September 30, 2007.

The City continues to receive significant financial benefits from the Sports Corporation as excess earnings of the Sports Corporation are paid to the City; and, if dissolved, all assets of the Sports Corporation become the City's property. Although the Sports Corporation is a legally separate entity, the City has the ability to impose its will upon the Sports Corporation, as its Board of Directors are all appointed by the City Council, and four of the seven-member board are actual City Council members. For this reason, the Sports Corporation is presented as part of the City's reporting entity as a discretely presented component unit. Discretely presented component units are presented in a separate column alongside the City's financial information. Separate issued financial statements may be requested by writing City of Grand Prairie, Texas, Attn: City Controller, 300 W. Main Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.

##### Grand Prairie 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. However, the City is not financially obligated for any debt of the HFC. For these reasons, the HFC is presented as part of the City's reporting entity as a discretely presented component unit.

The HFC's financial information, for its calendar year ended December 31, 2024, is included in the City's financial statements in a separate column alongside the City's. Separate audited financial statements may be obtained by writing Grand Prairie Housing Finance Corporation, Attn: Executive Director, P. O. Box 532758, Grand Prairie, Texas 75053-2758.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Grand Prairie Local Government Corporation

The Grand Prairie Local Government Corporation (LGC) was organized for the purpose of aiding, assisting, and acting on behalf of the City of Grand Prairie, Texas ("the City") in the performance of its governmental functions to promote the common good and general welfare of the City by promoting economic development. The LGC's operations are to acquire, develop, or redevelop real property within the City. 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 LGC'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. However, the City is not financially obligated for any debt of the LGC. For these reasons, the LGC is presented as part of the City's reporting entity as a discretely presented component unit. Separate issued financial statements may be requested by writing City of Grand Prairie, Texas, Attn: City Controller, 300 W. Main Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.

#### Grand Prairie Hotel Development Corporation

The Grand Prairie Hotel Development Corporation ("HDC") was organized for the purpose of aiding, assisting, and acting on behalf of the City of Grand Prairie, Texas ("the City") in the performance of its governmental functions to promote the common good and general welfare of the City on behalf of the City, the promotion of economic development, the acquisition, development, and redevelopment of real property within the City, the construction and/or operation of City facilities; to lease City facilities, including a hotel and conference center to be owned, constructed, and financed by the City ("Hotel") for subsequent lease to the Corporation, to enter contracts for the management and operation of the Hotel, and to perform such other governmental purposes of the City as may be determined from time to time by the City Council of the City (the "City Council"). While the entity is legally, financially, and administratively autonomous, the City Council may, at its sole discretion, and at any time, amend HDC's Articles of Incorporation, 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. However, the City is not financially obligated for any debt of the HDC. For these reasons, the HDC is presented as part of the City's reporting entity as a discretely presented component unit. Separate issued financial statements may be requested by writing City of Grand Prairie, Texas, Attn: City Controller, 300 W. Main Street, P.O. Box 534045, Grand Prairie, Texas, 75053-4045.

### **Related Autonomous Entities**

#### Grand Prairie Health Facilities Development Authority

The Grand Prairie Health Facilities Development Authority (HFDA) was created to issue tax-exempt revenue bonds to finance medical facilities. While the HFDA's revenue bonds were defeased, the HFDA continues to exist only to make decisions from time to time regarding the defeased bonds. The City exercises no control over the HFDA or its budget.

#### Grand Prairie Industrial Development Authority

The Grand Prairie Industrial Development Authority (GPIDA) was 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 GPIDA's management, budget, or operations.

### **C. Implementation of New Accounting Pronouncements**

In fiscal year 2025, the City implemented GASB Statement No. 101, Compensated Absences, which will better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The standard was implemented with no impact to amounts or disclosures previously reported.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

In fiscal year 2025, the City implemented GASB Statement No. 102, Certain Risk Disclosures, to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The standard was implemented with no impact to amounts or disclosures previously reported.

The GASB pronouncements effective for fiscal year 2026 and beyond are listed as follows:

GASB Statement No. 103, Financial Reporting Model Improvements (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the City's fiscal year 2026 financial statements, and the impact has not yet been determined.

GASB Statement No. 104, Disclosure of Certain Capital Assets (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 105, Subsequent Events (GASB 105), improves financial reporting related to subsequent events by 1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and non-recognized events and 2) specifying the information items that are required to be disclosed about subsequent events. The requirements of this statement are effective for reporting periods beginning after June 15, 2026, with earlier application encouraged. GASB 105 will be implemented in the City's fiscal year 2027 financial statements and the impact has not yet been determined.

#### **D. Basis of Presentation**

##### Government-Wide Financial Statements

The two government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all activities of the City, including component units. Governmental activities, which include those activities primarily supported by taxes or intergovernmental revenue, are reported separately from business-type activities, which generally rely 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, solid waste collection services, and storm water utility fees. As a general rule, the internal activity between governmental activities and business-type activities is eliminated from the government-wide financial statements, except that charges for administrative overhead services provided by the governmental activities to the business-type activities are included as revenues to the governmental activities and expenses to the business-type activities.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

The Statement of Activities reports the change in the City's net position from October 1, 2024 to September 30, 2025. This statement demonstrates the degree to which the direct expenses of a given function of the 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 and 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 the 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as *general revenues* in the statement of activities.

#### Fund Financial Statements

In addition to the government-wide financial statements, the City also reports separate financial statements for major functions or activities of the government. These financial statements are organized on the basis of funds, with governmental resources allocated to and accounted for based on the purposes for which they are spent and the means by which spending activities are controlled. Separate statements are presented for governmental activities and proprietary activities.

Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenditures/expenses, and fund balances. The fund financial statements present each major fund as a separate column, while all non-major funds are aggregated and presented in a single column. Major funds are calculated using specific methods outlined in GASB Statement No. 34, or City management may also deem funds as major for presentation purposes.

At September 30, 2025, 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. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs not paid through other funds are paid from the General Fund.

#### Section 8 Fund

This special revenue fund accounts for grant and contract revenue received from the federal government for providing housing assistance to low-income families and for the administration of the program.

#### Street CIP Fund

This capital project fund accounts for the construction and renovation of thoroughfares and arterial streets and roads financed through general obligation bond proceeds and other dedicated sources.

#### Grants Fund

This special revenue 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 a limited duration.

#### Debt Service Fund

The City's Debt Service Fund accounts for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### TIF #1 Epic CIP Fund

This capital project fund accounts for construction, improvements, and other capital expenditures related to EPIC.

At September 30, 2025, major enterprise funds include the following:

#### Water/Wastewater Fund

This fund accounts for water and wastewater system services provided for residents of the City, including administration, operations, maintenance, debt service, billing, and collection. The City purchased treated water from surrounding cities, and water is pumped from City-owned wells. Although the City owns the wastewater collection system, it has no treatment facilities. Wastewater treatment is provided by the Trinity River Authority. Contracts relating to purchased water and wastewater treatment are discussed in Note 2M. All costs are financed through charges to utility customers, with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

#### Solid Waste Fund

This fund accounts for the City's landfill, garbage/recycling collection service, brush and litter collection, street sweeping, illegal dumping cleanup, Keep Grand Prairie Beautiful, and auto-related business programs, as well as several special-purpose transfers related to reserves for landfill closure, post-closure costs and environmental remediation. All costs are financed through charges to sanitation customers.

### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured; the basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

#### Government-Wide Financial Statements

The government-wide financial statements and the fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position, and the operating statement presents increases (revenues) and decreases (expenses) in the net position. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred.

#### Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. 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 sixty 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 and expenditures related to compensated absences, which are recorded when due rather than when incurred.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

Major revenue sources susceptible to accrual in the governmental funds include property taxes, sales taxes, franchise fees, charges for services, and intergovernmental revenues. Revenue is accrued when it is deemed available, except for intergovernmental revenues.

Grant revenues are recognized not just when available, but when the qualifying expenditures have been incurred, and all other grant requirements have been met.

The City also reports *unavailable* and *unearned* revenues in its governmental funds. *Unavailable* revenues arise when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. *Unearned* revenues arise when the City receives revenue resources before it has a legal claim to them, as when grant money is received prior to the incidence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met, or when the City has a legal claim to the resource, the revenue is recognized.

#### Proprietary Funds

As mentioned earlier, proprietary funds use the economic resources measurement focus and the accrual basis of accounting. The accounting objectives for proprietary funds are the determination of net income, financial position, and cash flows. Proprietary fund equity is segregated into (1) net investment in capital assets; (2) restricted net position, and (3) unrestricted net position. 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. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports two types of proprietary funds – enterprise funds and internal services funds.

#### 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 is 1) 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 2) where the City Council has decided that periodic determination of revenues earned, expenses incurred, and/or operating income generated are appropriate for the purposes of capital maintenance, public policy, management control, and/or accountability. The City maintains five enterprise funds – water and wastewater services, solid waste services, storm water services, airport operations, and golf course operations. These enterprise funds are classified as business-type activities in both the government-wide and governmental fund 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, on a cost-reimbursement basis. The City has two internal service funds:

- **Fleet 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, 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 the Basic Financial Statements

September 30, 2025

#### **F. Assets, Liabilities, Deferred Outflows/Inflows Resources, and Net Position/Fund Balances**

##### Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Interest earnings are allocated to specific designated funds. 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.

##### Receivables and Payables

Major revenue sources susceptible to accrual are recorded as receivables when they become both measurable and available. Expenditures incurred during the current fiscal year but not yet paid are recorded as payables at fiscal year-end.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as due to/from other funds.

##### Lease Receivables

The City is a lessor for noncancelable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) the lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

##### Inventories and Prepaid Items

Inventory consists primarily of supplies and materials and is recorded at cost when purchased and expensed when consumed. For the General Fund, inventory is expensed on an actual specific-cost basis. Special Revenue and Enterprise Funds' inventory is charged out on a first-in, first-out basis, except for fuel inventory, which is charged out on a moving-average basis. Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. The cost of prepaid items is expensed when consumed rather than when purchased.

Accordingly, for both inventories and prepaid items, fund balance is classified as non-spendable for an amount equal to the cost to signify that those funds are not available for spending.

City of Grand Prairie, Texas

Notes to the Basic Financial Statements

September 30, 2025

Capital Assets and Depreciation/Amortization

Capital assets (i.e., land, buildings, equipment, improvements other than buildings, infrastructure, right-to-use assets, 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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition 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 |
| Infrastructure                     | 20 - 40 years |
| Improvements- Facilities and Other | 10 years      |
| Intangibles                        | 3 - 5 years   |
| Equipment                          | 5 - 15 years  |
| Vehicles                           | 5 - 15 years  |

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net assets by the City that applies to future periods, and as such will not be recognized as an outflow of resources (expenses/expenditures) until then. Deferred outflows of resources are reported in the government-wide Statement of Net Position for governmental and business-type activities and in the Statement of Net Position in the fund financial statements only for proprietary funds. The City has the following items that qualify for reporting in this category.

- **Deferred charges on debt refunding** – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- **Pension and OPEB Employer contributions** – contributions made from the measurement date of the plans to the current fiscal year-end (January to September). These contributions are deferred and recognized in the subsequent fiscal year.
- **Pension and OPEB investment experience** – the difference between projected and actual earnings of plan investments. The difference is deferred and recognized as pension plan expense over a closed five-year period as required by GASB No. 68 and 75.
- **Pension and OPEB assumption changes** – the difference resulting from a change in assumptions used to measure the underlying net pension and OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members as of the beginning of the measurement period.

Deferred inflows of resources represent an acquisition of net assets that applies to future periods, and as so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the basic financial statements, the same as deferred outflows of resources. The City has the following items that qualify for reporting in this category.

- **Unavailable revenue** – at the governmental fund level, property tax and ambulance receivables recorded but not expected to be collected within sixty days after the fiscal year end are deferred and recognized as an inflow of resources (revenue) in the period that the amounts become available.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

- **Pension and OPEB actuarial experience** – the difference between the expected and actual experience in the actuarial measurement of the total pension and OPEB liability not recognized in the current year. This amount is deferred and amortized over a period of years determined by the plan actuary. The amortization period is based on the estimated average remaining service lives of employees that are provided with a pension or OPEB through the plans (active and inactive employees) for the City, determined at the beginning of the measurement date.
- **OPEB assumption changes** – the difference resulting from a change in assumptions used to measure the underlying net pension and OPEB liability. These differences are deferred and recognized over the estimated average remaining lives of all members as of the beginning of the measurement period.
- **Pension investment experience** – the difference between projected and actual earnings of plan investments. The difference is deferred and recognized as pension plan expense over a closed five-year period as required by GASB No. 68.
- **Deferred inflows related to leases**- collections of lease receivables are deferred in both the governmental fund and government-wide financial statements. These amounts are recognized systematically over the life of the lease.

#### Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

#### Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, with limits on accumulation. Vacation benefits are eligible for payment upon separation from employment, with limitations.

#### Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave benefits, with limits on accumulation. Sick leave benefits are not eligible for payment upon separation from employment, with limitations.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

#### Lease Payables

The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary funds financial statements.

At the implementation of GASB Statement No. 87, the City initially measured the lease liabilities at the present value of payments expected to be made during the remaining lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease right-to-use asset was initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

the lease commencement date, plus certain initial direct costs. Subsequently, the lease right-to use asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a re-measurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the Statement of Net Position.

#### Subscription-Based Information Technology Arrangements (SBITAs)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance, or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Pensions

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Complete details of the plan are listed in Note J.

#### Postemployment Benefits

The City provides post-employment healthcare benefits to all vested employees upon retirement from the City. Employees are vested in the City's pension plan with twenty-five years or more of service, regardless of age, or five years or more of service at age sixty and above. Coverage is also available to dependents or surviving spouses of retirees. The City subsidizes medical, dental, and hospitalization costs incurred by retirees and their dependents. Recommendations for plan benefits are presented to the City Council for their approval during the annual budget process. The City's plan qualifies as a single-employer, defined benefit plan. Complete details of the plan are listed in Note K.

#### Long-Term Debt

General obligation bonds and other debt issued for general government capital projects and acquisitions that are repaid from tax revenues are recorded in the governmental activities column in the government-wide Statement of Net Position. Debt issued to fund capital projects in the proprietary funds is recorded in both the business-type activities column in the government-wide Statement of Net Position and in the proprietary fund Statement of Net Position. Bond premiums and discounts, as well as deferred charges on refunded debt obligations, are deferred and amortized over the life of the bonds using the effective interest method in the government-wide financial statements and the proprietary funds. Bonds payable are reported net of applicable bond premiums and discounts.

#### Nature and Purpose of Classifications of Fund Balance and Net Position

**Restricted** fund balances in the governmental funds are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, for specific purposes.

**Committed** fund balances can only be used for specific purposes pursuant to constraints imposed by the City Council, through an ordinance or resolution, which are considered equally restrictive for the purpose of committing fund balances. To remove or change the constraint, the City Council must take the same level of action.

**Assigned** fund balances are determined by City management based on City Council direction, in accordance with financial policies adopted by resolution. Assigned fund balances are constrained by the intent to be used for specific purposes, but are neither restricted nor committed.

**Unassigned** fund balance includes the residual fund balance for the General Fund, representing the amount that does not meet the criteria for restricted, committed, or assigned. The unassigned classification also includes a negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting another fund balance classification.

**Non-spendable** fund balances represent inventories and prepaid items.

The City considers expenditures to be made from the most restrictive classification when more than one classification is available.

**City of Grand Prairie, Texas**  
Notes to the Basic Financial Statements  
September 30, 2025

Minimum Fund Balance Policy

The City desires to maintain an adequate fund balance in the General Fund to maintain liquidity and in anticipation of economic downturns or natural disasters. The City Council has adopted a financial policy to maintain a minimum unassigned fund balance of 50 to 60 days of the budgeted General Fund expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Restricted net position represents the difference between restricted assets and liabilities payable from these assets that is externally imposed by enabling legislation.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, plus deferred outflows from bond refundings, reduced by retainage payable and the outstanding balance of any debt used for acquisition, construction, or improvements of those assets, plus any unspent bond proceeds.

**F. Budgetary Control**

As set forth by the City Charter, the City Manager submits annual budgets to the City Council in August for the upcoming fiscal year. In September, the City Council adopts budgets for all governmental funds except for the Grants Fund, Police Seizure Funds, Tax Increment Financing District Funds (TIFs), Verizon Theatre Fund, Juvenile Case Manager Fund, and other minor funds combined with budgeted funds. For each governmental fund, budgeted appropriations (expenditures) may not exceed budgeted revenues plus beginning fund balances.

Capital project funds are controlled on a project basis, and budgeted appropriations are carried forward each year until the project is completed.

**Note 2. Detailed Notes**

**A. Deposits and Investments**

Cash and Cash Equivalents

At September 30, 2025, the City reported cash-carrying amount (book) and bank balances were as follows:

| <u>Financial Institution</u> | <u>Book Balance</u>  | <u>Bank Balance</u> |
|------------------------------|----------------------|---------------------|
| Wells Fargo                  | \$ 10,738,685        | \$ 9,984,073        |
| Petty cash                   | 26,581               | -                   |
| <b>Total cash</b>            | <u>\$ 10,765,266</u> | <u>\$ 9,984,073</u> |

Chapter 2257 Collateral for Public Funds of the Government Code requires 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. The above book balance includes monies held in escrow, pushing the book balance above the collateral value. Per Wells Fargo Bank, N.A., and BNY Mellon's contractual obligation to the City, the collateral value held in the City's name on September 30, 2025 was \$9,679,782 with FDIC demand deposit coverage of an additional \$1,000,000.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Grand Prairie Sports Facilities Development

At September 30, 2025, the carrying amount of the Sports Corporation's deposits included in cash and cash equivalents was \$95,465, while the bank balance of the Sports Corporation's deposits was \$97,060. The bank balance was entirely covered by collateral held by the Sports Corporation's agent in the Sports Corporation's name.

#### Grand Prairie Housing Finance Corporation

The bank balance of HFC at December 31, 2024, including restricted cash, totaled \$1,690,842, 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 \$651,668. Restricted cash of \$1,039,174 (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 reserves of \$193,103.

#### Grand Prairie Local Government Corporation

At September 30, 2025, the carrying amount and bank balance of the Local Government Corporation's deposits included in cash and cash equivalents was \$128,970, respectively. The bank balance was entirely covered by Federal Deposit Insurance Corporation (FDIC) Insurance through its financial institution.

#### Grand Prairie Hotel Development Corporation

At September 30, 2025, the carrying amount and bank balance of the Hotel Development Corporation's deposits included in cash and cash equivalents was \$135,574, respectively. The bank balance was entirely covered by Federal Deposit Insurance Corporation (FDIC) Insurance through its financial institution.

#### Investments

The City and the Sports Corporation categorize its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value, which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted for identical assets or liabilities in active markets that a government can access at the measurement date).
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

|                                                |                       | Fair Value Measurements Using:                                             |                                                           |                                                    |                                           |             |  |
|------------------------------------------------|-----------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-------------------------------------------|-------------|--|
|                                                | September 30,<br>2025 | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Weighted<br>Average<br>Maturity<br>(Days) | Credit Risk |  |
| Cash                                           | \$ 10,765,266         | \$ -                                                                       | \$ -                                                      | \$ -                                               |                                           |             |  |
| Investments measured at amortized cost:        |                       |                                                                            |                                                           |                                                    |                                           |             |  |
| Investment pools:                              |                       |                                                                            |                                                           |                                                    |                                           |             |  |
| TexPool                                        | 19,649,396            | -                                                                          | -                                                         | -                                                  | 1                                         | AAAm        |  |
| Investments measured at net asset value (NAV): |                       |                                                                            |                                                           |                                                    |                                           |             |  |
| Investment pools:                              |                       |                                                                            |                                                           |                                                    |                                           |             |  |
| TexStar                                        | 38,356,634            | -                                                                          | -                                                         | -                                                  | 1                                         | AAAm        |  |
| TexasCLASS                                     | 53,676,548            | -                                                                          | -                                                         | -                                                  | 1                                         | AAAm        |  |
| Investments by fair value level:               |                       |                                                                            |                                                           |                                                    |                                           |             |  |
| Money market                                   | 49,092,303            | -                                                                          | -                                                         | -                                                  | 1                                         | Not rated   |  |
| Certificates of deposit                        | 99,691,452            | -                                                                          | -                                                         | -                                                  | 1                                         | Not rated   |  |
| U.S. government agency securities:             |                       |                                                                            |                                                           |                                                    |                                           |             |  |
| US treasuries                                  | 14,959,720            | -                                                                          | 14,959,720                                                | -                                                  | 371                                       | Aaa         |  |
| Municipal bonds                                | 9,963,800             | -                                                                          | 9,963,800                                                 | -                                                  | 32                                        | Various     |  |
| FAMCA                                          | 74,669,910            | -                                                                          | 74,669,910                                                | -                                                  | 302                                       | Not rated   |  |
| FFCB                                           | 73,896,735            | -                                                                          | 73,896,735                                                | -                                                  | 312                                       | Aaa/AA+     |  |
| FHLB                                           | 46,950,185            | -                                                                          | 46,950,185                                                | -                                                  | 451                                       | Aaa/AA+     |  |
| FHLMC                                          | 3,968,880             | -                                                                          | 3,968,880                                                 | -                                                  | 72                                        | Aaa/AA+     |  |
| FNMA                                           | -                     | -                                                                          | -                                                         | -                                                  | -                                         | Aaa/AA+     |  |
| <b>Total</b>                                   | <b>\$ 495,640,829</b> | <b>\$ -</b>                                                                | <b>\$ 224,409,230</b>                                     | <b>\$ -</b>                                        |                                           |             |  |

The amounts for TexPool, TexStar, and Texas CLASS (pooled investments) are reported as cash equivalents in the Statement of Net Position.

The *TexPool* investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within the investment pool. The investment pool transacts at a net asset value of \$1.00 per share, has weighted average maturities of sixty days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of the portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. The maturity of the City's position in this investment pool is based on the average maturity of the pool's investment. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, a general banking moratorium, or a national state of emergency that affects the pool's liquidity.

The *TexStar* investment pool is an external investment pool measured at NAV. *TexStar*'s strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to the investment pools. *TexStar* has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national or state emergency that affects the pool's liquidity.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

The Texas CLASS investments pool was created in accordance with the requirements contained in the section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and Wells Fargo Bank Texas, N.A., as Custodian.

Texas CLASS is an external investment pool measured at fair value, i.e., net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of the U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

*U.S. Government Agency Securities* classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

#### Investment Policy

The City is required by Government Code Chapter 2256, the Public Funds Investment Act (Act), to adopt, implement, and publicize an investment policy. That policy must be written, primarily to emphasize safety of principal and liquidity; address 1) investment diversification, yield, and maturity, and 2) the quality and capability of investment management; include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The City Council has adopted investment policies (policies) that 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.

The Act requires an annual audit of investment practices. Audit procedures in this area, conducted as part of the audit of the basic financial statements, disclosed that in the areas of investment practices, management reports, and establishing appropriate policies. 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 City adheres to the requirements of the Act. Additionally, investment practices of the City are in accordance with local policies.

The investment policies require that repurchase agreements be made pursuant to a master agreement, the collateral is a U. S. Treasury bill, note, or bond; the security is held in safekeeping by the City's custodial agent; and the investment is transacted "delivery vs. payment" so that the City's interest in the underlying security is perfected. The City does not invest in reverse repurchase agreements. No City monies were invested in repurchase agreements on September 30, 2025.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Investment Risk

**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 investment 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.

#### Grand Prairie Sports Facilities Development

The Corp has recurring fair value measurements as presented in the table below. The Corp's investment balances and weighted average maturity of such investments are as follows:

|                                         | September 30,<br>2025 | Fair Value Measurements Using                                              |                                                           |                                                    | Weighted<br>Average<br>Maturity<br>(Days) | Credit Risk |
|-----------------------------------------|-----------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|-------------------------------------------|-------------|
|                                         |                       | Quoted Prices in<br>Active Markets<br>for Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |                                           |             |
| Cash                                    | \$ 95,465             | \$ -                                                                       | \$ -                                                      | \$ -                                               |                                           |             |
| Investments measured at amortized cost: |                       |                                                                            |                                                           |                                                    |                                           |             |
| Investment pools:                       |                       |                                                                            |                                                           |                                                    |                                           |             |
| TexPool                                 | 9,693,756             | -                                                                          | -                                                         | -                                                  | 1                                         | AAAm        |
| Investments by fair value level:        |                       |                                                                            |                                                           |                                                    |                                           |             |
| U.S. government agency securities:      |                       |                                                                            |                                                           |                                                    |                                           |             |
| US treasuries                           | 2,516,455             | -                                                                          | 2,516,455                                                 | -                                                  | 457                                       | Aaa         |
| FFCB                                    | 1,509,581             | -                                                                          | 1,509,581                                                 | -                                                  | 250                                       | Aaa/AA+     |
| FHLB                                    | 982,517               | -                                                                          | 982,517                                                   | -                                                  | 273                                       | Aaa/AA+     |
| REFCORP                                 | 2,557,595             | -                                                                          | 2,557,595                                                 | -                                                  | 380                                       | AAA         |
| <b>Total</b>                            | <b>\$ 17,355,369</b>  | <b>\$ -</b>                                                                | <b>\$ 7,566,148</b>                                       | <b>\$ -</b>                                        |                                           |             |

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.

**City of Grand Prairie, Texas**  
Notes to the Basic Financial Statements  
September 30, 2025

City and Grand Prairie Sports Facilities Development Investment Portfolio

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

|                                               | City<br>% Maximum | Sports<br>Corporation<br>% Maximum |
|-----------------------------------------------|-------------------|------------------------------------|
| 1. U.S. Treasury bills and notes              | 75                | 75                                 |
| 2. U.S. agency or instrumentality obligations | 75                | 75                                 |
| 3. Repurchase agreements                      | 20                | 20                                 |
| 4. Municipal securities                       | 40                | 40                                 |
| 5. Financial institution deposits             | 75                | 75                                 |
| 6. Money market mutual fund                   | 40                | 40                                 |
| 7. Local government investment pool           | 50                | 100                                |

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

b State law allows up to 80% of the 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. The Sports Corporation does not limit callable securities. The City and Sports Corporation did not invest in any securities different from the categories mentioned above during the 2024-2025 fiscal year.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### B. Receivables

At September 30, 2025, receivables, including applicable allowances for uncollectible accounts, consisted of the following:

| Governmental Activities      | General       | Section 8 | Grants     | Debt Service | Nonmajor Governmental | Internal Service | Total Governmental |
|------------------------------|---------------|-----------|------------|--------------|-----------------------|------------------|--------------------|
| Receivables:                 |               |           |            |              |                       |                  |                    |
| Property taxes               | \$ 3,696,375  | \$ -      | \$ -       | \$ 1,875,702 | \$ -                  | \$ -             | \$ 5,572,077       |
| Sales taxes                  | 8,509,930     | -         | -          | -            | 8,484,120             | -                | 16,994,050         |
| Franchise fees               | 2,255,594     | -         | -          | -            | 22,276                | -                | 2,277,870          |
| Leases                       | 2,677,226     | -         | -          | -            | 4,323,406             | -                | 7,000,632          |
| Other                        | 9,565,554     | 82,450    | 279,252    | -            | 3,307,898             | 481              | 13,235,635         |
| Intergovernmental            | 602,494       | -         | 22,179     | -            | -                     | -                | 624,673            |
| Total receivables, gross     | 27,307,173    | 82,450    | 301,431    | 1,875,702    | 16,137,700            | 481              | 45,704,937         |
| Less:                        |               |           |            |              |                       |                  |                    |
| Allowance for uncollectibles | (4,169,989)   | -         | -          | (255,561)    | -                     | -                | (4,425,550)        |
| Total receivables, net       | \$ 23,137,184 | \$ 82,450 | \$ 301,431 | \$ 1,620,141 | \$ 16,137,700         | \$ 481           | \$ 41,279,387      |

| Business-Type Activities:    | Water Wastewater | Solid Waste  | Other Nonmajor | Total Business-Type | Total Business-Type |
|------------------------------|------------------|--------------|----------------|---------------------|---------------------|
| Receivables:                 |                  |              |                |                     |                     |
| Trade accounts               | \$ 11,279,284    | \$ 1,345,410 | \$ 954,563     | \$ 13,579,257       | \$ 13,579,257       |
| Leases                       | 158,989          | -            | 9,695          | 168,684             | 168,684             |
| Other                        | 7,359,570        | 1,322,317    | -              | 8,681,887           | 8,681,887           |
| Total receivables, gross     | 18,797,843       | 2,667,727    | 964,258        | 22,429,828          | 22,429,828          |
| Less:                        |                  |              |                |                     |                     |
| Allowance for uncollectibles | (2,388,839)      | (421,189)    | (118,429)      | (2,928,457)         | (2,928,457)         |
| Total receivables, net       | \$ 16,409,004    | \$ 2,246,538 | \$ 845,829     | \$ 19,501,371       | \$ 19,501,371       |

#### Leases-Lessor

The City is a lessor for non-cancelable leases of the right-to-use of land, buildings, and infrastructure for which the City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. The interest rates for the leases approximate 4% annually, and the terms range from 2 to 28 years.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The City has \$7,170,464 remaining in lease receivables and \$6,865,750 remaining in deferred inflow as of September 30, 2025. The City recorded lease revenue, including interest of \$1,448,267 in the fiscal year.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

As of September 30, 2025, the expected lease receipts through the expiration of all leases for which the City is a lessor is as follows:

| Fiscal<br>Year | Governmental Activities Lease Receivables |                   |                     |
|----------------|-------------------------------------------|-------------------|---------------------|
|                | Principal                                 | Interest          | Total               |
| 2026           | 876,039                                   | 208,510           | 1,084,549           |
| 2027           | 905,240                                   | 181,377           | 1,086,617           |
| 2028           | 945,449                                   | 153,271           | 1,098,720           |
| 2029           | 839,596                                   | 125,326           | 964,922             |
| 2030           | 812,370                                   | 100,527           | 912,897             |
| 2031-2035      | 2,582,137                                 | 175,704           | 2,757,841           |
| 2036           | 39,801                                    | 199               | 40,000              |
|                | <u>\$ 7,000,632</u>                       | <u>\$ 944,914</u> | <u>\$ 7,945,546</u> |

| Fiscal<br>Year | Business-Type Activities Lease Receivables |                 |                   |
|----------------|--------------------------------------------|-----------------|-------------------|
|                | Principal                                  | Interest        | Total             |
| 2026           | \$ 78,397                                  | \$ 4,659        | \$ 83,056         |
| 2027           | 61,288                                     | 2,688           | 63,976            |
| 2028           | 28,999                                     | 1,001           | 30,000            |
|                | <u>\$ 168,684</u>                          | <u>\$ 8,348</u> | <u>\$ 177,032</u> |

#### Grand Prairie Sports Facilities Development (Sports Corporation) – A Component Unit

At September 30, 2025, receivables of the Sports Corporation, a component unit of the City with business-type activities were as follows:

| Component Units          | Grand Prairie<br>Sports<br>Facilities<br>Development | Grand Prairie<br>Local<br>Government<br>Corporation |
|--------------------------|------------------------------------------------------|-----------------------------------------------------|
| Receivables:             |                                                      |                                                     |
| Trade accounts           | \$ 15,286                                            | \$ -                                                |
| Ground lease             | 2,924,983                                            | -                                                   |
| Other leases             | 405,545                                              | -                                                   |
| Other                    | -                                                    | -                                                   |
| <b>Total receivables</b> | <u>\$ 3,345,814</u>                                  | <u>\$ -</u>                                         |

The Sports Corporation is a lessor for a non-cancellable ground lease, for which the Corporation recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements. The interest rate for this lease is 4%, and the term is 34 years, maturing in fiscal year 2041.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

At the commencement of a lease, the Sports Corporation initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The Sports Corporation has \$405,545 remaining for this lease receivable and \$386,060 remaining in deferred inflow as of September 30, 2025. The Sports Corporation recorded lease revenue from this lease, including interest of \$55,546 in the fiscal year.

As of September 30, 2025, the expected lease receipts through the expiration of this lease are as follows:

| Fiscal<br>Year | Sports Corporation Other Lease Receivable |                  |                   |
|----------------|-------------------------------------------|------------------|-------------------|
|                | Principal                                 | Interest         | Total             |
| 2026           | 33,778                                    | 16,222           | 50,000            |
| 2027           | 35,129                                    | 14,871           | 50,000            |
| 2028           | 36,535                                    | 13,465           | 50,000            |
| 2029           | 37,996                                    | 12,004           | 50,000            |
| 2030           | 39,516                                    | 10,484           | 50,000            |
| 2031-2035      | 222,591                                   | 27,409           | 250,000           |
|                | <u>\$ 405,545</u>                         | <u>\$ 94,455</u> | <u>\$ 500,000</u> |

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 Corporation, the parent company of MEC, filed for bankruptcy under Chapter 11 federal bankruptcy protection. Subsequently, on September 14, 2009, Lone Star filed for bankruptcy protection.

On October 23, 2009, an auction for Lone Star was conducted with Global Gaming LSP, L.L.C. (a wholly- owned subsidiary of the Chickasaw Nation) winning the auction for \$47 million.

On May 13, 2011, Global Gaming obtained its 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 Sports Corporation.

The agreement states that upon completion of the project, Global Gaming will lease the facility for a period of thirty years. The lease became effective April 1997 and meets the requirements for accounting as a direct financing purchase.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

The future base rent payments under the lease are as follows:

| Year                       | Amount              |
|----------------------------|---------------------|
| 2026                       | 1,932,612           |
| 2027                       | 1,191,777           |
|                            | 3,124,389           |
| Less interest              | (199,406)           |
| Net present value          | 2,924,983           |
| Less current portion       | 1,764,587           |
| <b>Non-current portion</b> | <b>\$ 1,160,396</b> |

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:

| Cumulative Net Retainages              | Percentage |
|----------------------------------------|------------|
| \$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 financed purchase. 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 amortization would be, and the fixed lease payments receivable. Therefore, this amount is being amortized over the life of the lease (thirty years).

### C. Restricted Assets

At September 30, 2025, restricted assets were restricted for the following purposes:

| Purpose                        | Governmental Activities | Business-Type Activities | Total                 |
|--------------------------------|-------------------------|--------------------------|-----------------------|
| Customer deposits              | \$ 43,000               | \$ 7,513,036             | \$ 7,556,036          |
| Debt service                   | 6,796,361               | 4,170,857                | 10,967,218            |
| Capital projects               | 159,561,787             | 65,583,477               | 225,145,264           |
| Support services               | 177,873                 | -                        | 177,873               |
| Public safety                  | 13,667,638              | -                        | 13,667,638            |
| Recreation and leisure         | 39,796,087              | -                        | 39,796,087            |
| Development services           | 59,065,098              | -                        | 59,065,098            |
| Other specific purposes        | 8,168,831               | -                        | 8,168,831             |
| <b>Total restricted assets</b> | <b>\$ 287,276,675</b>   | <b>\$ 77,267,370</b>     | <b>\$ 364,544,045</b> |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### D. Capital Assets

Capital asset activity for the year ended September 30, 2025 was as follows:

| Governmental Activities                            | Balance<br>October 1,<br>2024 | Additions            | Transfers/<br>Disposals/<br>Reclassification | Balance<br>September 30,<br>2025 |
|----------------------------------------------------|-------------------------------|----------------------|----------------------------------------------|----------------------------------|
| Assets not being depreciated/amortized:            |                               |                      |                                              |                                  |
| Land                                               | \$ 70,008,383                 | \$ 176,076           | \$ (7,251)                                   | \$ 70,177,208                    |
| Construction in progress                           | 195,288,455                   | 67,118,178           | (80,419,853)                                 | 181,986,780                      |
| Total assets not being<br>depreciated/amortized    | 265,296,838                   | 67,294,254           | (80,427,104)                                 | 252,163,988                      |
| Assets being depreciated/amortized:                |                               |                      |                                              |                                  |
| Buildings                                          | 386,808,839                   | 882,425              | 16,958,385                                   | 404,649,649                      |
| Equipment                                          | 159,133,594                   | 10,586,688           | (1,447,280)                                  | 168,273,002                      |
| Right to use lease assets- equipment               | 5,471,332                     | 1,466,439            | (586,941)                                    | 6,350,830                        |
| Right to use assets- SBITA                         | 3,746,963                     | 102,845              | (677,469)                                    | 3,172,339                        |
| Infrastructure                                     | 748,164,349                   | 4,284,483            | 58,819,462                                   | 811,268,294                      |
| Total assets being<br>depreciated/amortized        | 1,303,325,077                 | 17,322,880           | 73,066,157                                   | 1,393,714,114                    |
| Less accumulated<br>depreciation/amortization for: |                               |                      |                                              |                                  |
| Buildings                                          | (139,407,848)                 | (13,846,833)         | 1,460,155                                    | (151,794,526)                    |
| Equipment                                          | (115,106,556)                 | (11,535,310)         | 3,973,156                                    | (122,668,710)                    |
| Right to use lease assets- equipment               | (1,907,978)                   | (596,357)            | 145,933                                      | (2,358,402)                      |
| Right to use assets- SBITA                         | (1,048,715)                   | (766,500)            | 387,175                                      | (1,428,040)                      |
| Infrastructure                                     | (462,579,103)                 | (23,811,729)         | 855,372                                      | (485,535,460)                    |
| Total accumulated<br>depreciation/amortization     | (720,050,200)                 | (50,556,729)         | 6,821,791                                    | (763,785,138)                    |
| Total assets being<br>depreciated/amortized, net   | 583,274,877                   | (33,233,849)         | 79,887,948                                   | 629,928,976                      |
| <b>Total capital assets, net</b>                   | <b>\$ 848,571,715</b>         | <b>\$ 34,060,405</b> | <b>\$ (539,156)</b>                          | <b>\$ 882,092,964</b>            |

# City of Grand Prairie, Texas

## Notes to the Basic Financial Statements

September 30, 2025

| Business-Type Activities                           | Balance<br>October 1,<br>2024 | Additions            | Transfers/<br>Disposals/<br>Reclassification | Balance<br>September 30,<br>2025 |
|----------------------------------------------------|-------------------------------|----------------------|----------------------------------------------|----------------------------------|
| Assets not being depreciated/amortized:            |                               |                      |                                              |                                  |
| Land                                               | \$ 10,516,096                 | \$ 119,631           | \$ -                                         | \$ 10,635,727                    |
| Construction in progress                           | 42,779,648                    | 29,499,765           | (3,271,331)                                  | 69,008,082                       |
| Total assets not being<br>depreciated/amortized    | 53,295,744                    | 29,619,396           | (3,271,331)                                  | 79,643,809                       |
| Assets being depreciated/amortized:                |                               |                      |                                              |                                  |
| Buildings                                          | 21,816,481                    | 41,430               | 1,532,320                                    | 23,390,231                       |
| Equipment                                          | 40,345,358                    | 4,354,217            | (1,469,184)                                  | 43,230,391                       |
| Right to use lease assets- equipment               | 54,994                        | 1,192,018            | (54,994)                                     | 1,192,018                        |
| Right to use lease assets- SBITA                   | -                             | 150,703              | (106,243)                                    | 44,460                           |
| Infrastructure                                     | 494,638,206                   | 23,714,832           | 1,145,197                                    | 519,498,235                      |
| Total assets being<br>depreciated/amortized        | 556,855,039                   | 29,453,200           | 1,047,096                                    | 587,355,335                      |
| Less accumulated<br>depreciation/amortization for: |                               |                      |                                              |                                  |
| Buildings                                          | (12,788,505)                  | (771,266)            | (41,153)                                     | (13,600,924)                     |
| Equipment                                          | (24,464,400)                  | (4,393,827)          | 1,430,980                                    | (27,427,247)                     |
| Right to use lease assets- equipment               | (51,992)                      | (189,589)            | 54,990                                       | (186,591)                        |
| Right to use lease assets- SBITA                   | -                             | (124,027)            | 106,243                                      | (17,784)                         |
| Infrastructure                                     | (280,449,944)                 | (14,761,389)         | 93,810                                       | (295,117,523)                    |
| Total accumulated<br>depreciation/amortization     | (317,754,841)                 | (20,240,098)         | 1,644,870                                    | (336,350,069)                    |
| Total assets being<br>depreciated/amortized, net   | 239,100,198                   | 9,213,102            | 2,691,966                                    | 251,005,266                      |
| <b>Total capital assets, net</b>                   | <b>\$ 292,395,942</b>         | <b>\$ 38,832,498</b> | <b>\$ (579,365)</b>                          | <b>\$ 330,649,075</b>            |

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

|                                          |                      |                                       |                      |
|------------------------------------------|----------------------|---------------------------------------|----------------------|
| Governmental activities:                 |                      | Business-type activities:             |                      |
| Support services                         | \$ 8,036,610         | Water and wastewater                  | \$ 14,590,591        |
| Public safety services                   | 8,969,121            | Solid waste                           | 3,163,442            |
| Recreation and leisure services          | 11,964,401           | Other business-type<br>activities     | 2,486,065            |
| Development services                     | 21,412,231           |                                       |                      |
| Internal services funds (see note below) | 174,366              |                                       |                      |
| <b>Total governmental activities</b>     | <b>\$ 50,556,729</b> | <b>Total business-type activities</b> | <b>\$ 20,240,098</b> |

Capital assets held by the government's internal service funds are charged to various functions based on their usage of the assets.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

At September 30, 2025, a summary of changes in capital assets of the Sports Corporation was as follows:

| <u>Sports Corporation</u>     | Balance<br>October 1,<br>2024 | Additions/<br>Completions | Transfers/<br>Disposals/<br>Reclasses | Balance<br>September 30,<br>2025 |
|-------------------------------|-------------------------------|---------------------------|---------------------------------------|----------------------------------|
| Equipment                     | \$ 310,078                    | \$ -                      | \$ -                                  | \$ 310,078                       |
| Less accumulated depreciation | (310,078)                     | -                         | -                                     | (310,078)                        |
| <b>Total</b>                  | <b>\$ -</b>                   | <b>\$ -</b>               | <b>\$ -</b>                           | <b>\$ -</b>                      |

At December 31, 2024, a summary of changes in capital assets of the Housing Finance Corporation was as follows:

| <u>Housing Finance Corporation</u>         | Balance<br>January 1,<br>2024 | Additions/<br>Completions | Transfers/<br>Disposals/<br>Reclasses | Balance<br>December 31,<br>2024 |
|--------------------------------------------|-------------------------------|---------------------------|---------------------------------------|---------------------------------|
| Non-depreciable capital assets:            |                               |                           |                                       |                                 |
| Land                                       | \$ 1,612,851                  | \$ -                      | \$ -                                  | \$ 1,612,851                    |
| Total non-depreciable capital assets       | 1,612,851                     | -                         | -                                     | 1,612,851                       |
| Depreciable capital assets:                |                               |                           |                                       |                                 |
| Buildings                                  | 21,055,024                    | 600,373                   | (584,812)                             | 21,070,585                      |
| Less accumulated depreciation              | (12,816,722)                  | (955,715)                 | 584,812                               | (13,187,625)                    |
| Total depreciable capital assets, net      | 8,238,302                     | (355,342)                 | -                                     | 7,882,960                       |
| Housing Finance Corporation<br>assets, net | <b>\$ 9,851,153</b>           | <b>\$ (355,342)</b>       | <b>\$ -</b>                           | <b>\$ 9,495,811</b>             |

At September 30, 2025, a summary of changes in capital assets of the Local Government Corporation was as follows:

| <u>Local Government Corporation</u>           | Balance<br>October 1,<br>2024 | Additions/<br>Completions | Transfers/<br>Disposals/<br>Reclasses | Balance<br>September 30,<br>2025 |
|-----------------------------------------------|-------------------------------|---------------------------|---------------------------------------|----------------------------------|
| Non-depreciable capital assets:               |                               |                           |                                       |                                  |
| Land                                          | \$ 16,759,500                 | \$ -                      | \$ 471,853                            | \$ 17,231,353                    |
| Construction in progress                      | 471,853                       | -                         | (471,853)                             | -                                |
| Total non-depreciable capital assets          | 17,231,353                    | -                         | -                                     | 17,231,353                       |
| Local Government Corporation<br>assets, total | <b>\$ 17,231,353</b>          | <b>\$ -</b>               | <b>\$ -</b>                           | <b>\$ 17,231,353</b>             |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### E. Interfund Transactions

##### Interfund Receivables and Payables

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts and are reported as "due to/from" other funds. There were no interfund receivables and payables balances at September 30, 2025.

##### 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 transfers. 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 is that each department or fund both gives and receives consideration.

Cost reimbursements for general and administrative services (indirect costs) are recorded as general and administrative revenue in the City's General Fund. Indirect costs are recorded as general and administrative expenses in the funds receiving these services.

For the year ended September 30, 2025, cost reimbursements were as follows:

| <u>Fund</u>                       | <u>Amount</u>              |
|-----------------------------------|----------------------------|
| Water and wastewater funds        | \$ 5,138,301               |
| Solid waste funds                 | 565,497                    |
| Storm water funds                 | 166,154                    |
| Airport fund                      | 72,045                     |
| Other nonmajor governmental funds | <u>354,640</u>             |
| <b>Total to general fund</b>      | <b><u>\$ 6,296,637</u></b> |

##### Franchise Fees

The City's enterprise funds, which use public right-of-way, 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 right-of-way. These payments, 4% of gross revenues, are reported as interfund services provided and used rather than interfund transfers and are reported as revenue (franchise fees) in the General Fund and expenses in the enterprise funds.

For the year ended September 30, 2025, franchise fees paid to the General Fund were as follows:

| <u>Fund</u>                | <u>Amount</u>              |
|----------------------------|----------------------------|
| Water and wastewater funds | \$ 4,229,142               |
| Solid waste funds          | 493,721                    |
| Storm water funds          | <u>336,986</u>             |
| <b>Total</b>               | <b><u>\$ 5,059,849</u></b> |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Interfund Transfers

Interfund transfers are made to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs, and 4) make payments in lieu of property taxes.

Two of the City's enterprise funds, the Water and Wastewater Fund and the Solid Waste Fund, make payments in lieu of property taxes to the Street Maintenance Fund, which is a Nonmajor Governmental Fund 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' capital assets. Since the calculation methodology is not the same as that applied to similar activities in the private sector in several respects, these payments are recorded as transfers in/out rather than as operating revenues/expenses.

At September 30, 2025, transfers between the City's governmental activities and the City's business-type activities consisted of the following:

| Transfers Out               | Transfers In      |                |                  |                     |                     |                     |
|-----------------------------|-------------------|----------------|------------------|---------------------|---------------------|---------------------|
|                             | General Fund      | Section 8 Fund | Streets CIP Fund | Grants Fund         | Debt Service Fund   | EPIC CIP Fund       |
| General fund                | \$ -              | \$ -           | \$ -             | \$ 265,015          | \$ -                | \$ -                |
| Streets CIP fund            | -                 | -              | -                | 3,700,000           | -                   | -                   |
| Grants fund                 | 130,632           | -              | -                | -                   | -                   | -                   |
| Debt service fund           | -                 | -              | -                | -                   | -                   | -                   |
| Epic CIP Fund               | -                 | -              | -                | -                   | -                   | -                   |
| Nonmajor governmental funds | 135,167           | -              | -                | 43,720              | 3,362,292           | 5,850,000           |
| Internal service funds      | -                 | -              | -                | -                   | -                   | -                   |
| Water & wastewater fund     | -                 | -              | -                | -                   | -                   | -                   |
| Solid waste fund            | -                 | -              | -                | -                   | -                   | -                   |
| Nonmajor enterprise funds   | -                 | -              | -                | -                   | -                   | -                   |
| <b>Total</b>                | <b>\$ 265,799</b> | <b>\$ -</b>    | <b>\$ -</b>      | <b>\$ 4,008,735</b> | <b>\$ 3,362,292</b> | <b>\$ 5,850,000</b> |

| Transfers out               | Transfers In                |                       |                   |                                 |                       |                      |
|-----------------------------|-----------------------------|-----------------------|-------------------|---------------------------------|-----------------------|----------------------|
|                             | Nonmajor Governmental Funds | Water Wastewater Fund | Solid Waste Fund  | Other Nonmajor Enterprise Funds | Internal Service Fund | Total                |
| General fund                | \$ 9,525,139                | \$ -                  | \$ -              | \$ -                            | \$ -                  | \$ 9,790,154         |
| Streets CIP fund            | 288,923                     | -                     | -                 | -                               | -                     | 3,988,923            |
| Grants fund                 | 344,190                     | -                     | -                 | -                               | -                     | 474,822              |
| Debt service fund           | -                           | -                     | -                 | -                               | -                     | -                    |
| Epic CIP Fund               | -                           | -                     | -                 | -                               | -                     | -                    |
| Nonmajor governmental funds | 6,674,383                   | 16,000                | 105,500           | -                               | -                     | 16,187,062           |
| Internal service funds      | -                           | -                     | -                 | 422,768                         | -                     | 422,768              |
| Water & wastewater fund     | 1,595,951                   | -                     | -                 | -                               | -                     | 1,595,951            |
| Solid waste fund            | 364,855                     | -                     | -                 | -                               | -                     | 364,855              |
| Nonmajor enterprise funds   | 4,563,592                   | -                     | -                 | -                               | -                     | 4,563,592            |
| <b>Total</b>                | <b>\$ 23,357,033</b>        | <b>\$ 16,000</b>      | <b>\$ 105,500</b> | <b>\$ 422,768</b>               | <b>\$ -</b>           | <b>\$ 37,388,127</b> |

Significant transfers consist of funding for various operations, pooled cash coverage, capital projects, infrastructure needs, IT acquisitions, payments in lieu of taxes, repayments of interfund loans, and grant matching requirements.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### F. Deferred Outflows/Inflows of Resources

##### Deferred Inflows of Resources - Unavailable Revenue

The governmental funds report unavailable revenues from the following sources:

|                | General<br>Fund     | Debt Service<br>Fund | Total               |
|----------------|---------------------|----------------------|---------------------|
| Property taxes | \$ 3,519,001        | \$ 1,579,960         | \$ 5,098,961        |
| Ambulance      | 1,397,444           | -                    | 1,397,444           |
| <b>Total</b>   | <b>\$ 4,916,445</b> | <b>\$ 1,579,960</b>  | <b>\$ 6,496,405</b> |

In the Government-Wide Statement of Activities, these amounts were reported as revenue in the period in which they were earned.

#### G. Unearned Revenue

Unearned revenue is a liability for resources obtained prior to revenue recognition. Below is a summary of the City's unearned revenue as of September 30, 2025.

|                                                     | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|-----------------------------------------------------|----------------------------|-----------------------------|---------------------|
| Prepaid pipeline lease                              | \$ 488,380                 | \$ 69,847                   | \$ 558,227          |
| Prepaid arrangements - Cemetery fund                | 2,925,601                  | -                           | 2,925,601           |
| Unspent grant funds - Texas Water Development Board | -                          | 631,175                     | 631,175             |
| Prepaid rental deposits - parks                     | 218,993                    | -                           | 218,993             |
| Park venue fund deposits on events to be held       | 21,028                     | -                           | 21,028              |
| Unspent grant funding                               | 373,979                    | -                           | 373,979             |
| <b>Total unearned revenue</b>                       | <b>\$ 4,027,981</b>        | <b>\$ 701,022</b>           | <b>\$ 4,729,003</b> |

#### H. Long-Term Obligations

##### Compensated Absences and Postemployment Benefits

Governmental activities record liabilities for compensated absences and retiree post-employment costs at the government-wide financial statement level. Generally, these liabilities are paid from the General Fund. Liabilities for business-type activities are recorded and liquidated in the fund that incurs the liability.

##### **Long-Term Debt**

##### Governmental Activities

Long-term debt in the governmental activities column of the government-wide Statement of Net Position consists of general obligation bonds (including refunding), certificates of obligation bonds, sales tax revenue bonds, and unamortized bond premiums/discounts.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

General obligation bonds and certificates of obligation provide funds for the acquisition and construction of 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.

Below is a summary of the changes in noncurrent liabilities of the City's primary government and component units:

|                                                           | Balance<br>October 1,<br>2024 | Borrowings<br>or Increase | Payments<br>or Decrease | Balance<br>September 30,<br>2025 | Due Within<br>One Year |
|-----------------------------------------------------------|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| <b>Primary government:</b>                                |                               |                           |                         |                                  |                        |
| Governmental activities:                                  |                               |                           |                         |                                  |                        |
| General obligation bonds                                  | \$ 135,898,000                | \$ -                      | \$ (11,307,000)         | \$ 124,591,000                   | \$ 12,340,000          |
| Tax notes                                                 | 8,473,000                     | -                         | (8,473,000)             | -                                | -                      |
| Combination tax and revenue<br>certificates of obligation | 279,960,000                   | 81,580,000                | (15,440,000)            | 346,100,000                      | 18,850,000             |
| Tax increment and public improvement<br>district bonds    | 80,000                        | -                         | (80,000)                | -                                | -                      |
| General obligation pension bonds                          | 70,885,000                    | -                         | (3,710,000)             | 67,175,000                       | 4,035,000              |
| Sales tax revenue bonds - Epic                            | 65,505,000                    | -                         | (3,295,000)             | 62,210,000                       | 3,420,000              |
| Sales tax revenue bonds - Park Venue                      | 9,855,040                     | -                         | (2,360,000)             | 7,495,040                        | 2,450,000              |
| Issuance premiums/discounts, net                          | 32,624,279                    | 7,099,694                 | (2,800,565)             | 36,923,408                       | -                      |
| Total long-term debt                                      | 603,280,319                   | 88,679,694                | (47,465,565)            | 644,494,448                      | 41,095,000             |
| Compensated absences                                      | 25,530,310                    | 21,466,000                | (12,487,931)            | 34,508,379                       | 12,140,576             |
| Other post-employment benefits liability                  | 58,256,817                    | 9,228,099                 | -                       | 67,484,916                       | -                      |
| Net pension liability                                     | 20,630,646                    | -                         | (13,188,855)            | 7,441,791                        | -                      |
| Lease liabilities                                         | 3,692,881                     | 2,234,503                 | (2,071,006)             | 3,856,378                        | 865,459                |
| SBITA liabilities                                         | 2,579,820                     | 94,906                    | (949,444)               | 1,725,282                        | 676,608                |
| Environmental remediation liability                       | 715,237                       | 1,146,806                 | (69,337)                | 1,792,706                        | 1,792,706              |
| Other liabilities                                         | 1,950,040                     | -                         | (877,718)               | 1,072,322                        | 678,882                |
| Total governmental activities                             | 716,636,070                   | 122,850,008               | (77,109,856)            | 762,376,222                      | 57,249,231             |
| Business-type activities:                                 |                               |                           |                         |                                  |                        |
| Water and wastewater revenue bonds                        | 35,890,000                    | 27,870,000                | (5,500,000)             | 58,260,000                       | 5,180,000              |
| Issuance premiums/discounts, net                          | 2,694,960                     | 2,549,200                 | (405,727)               | 4,838,433                        | -                      |
| Total long-term debt                                      | 38,584,960                    | 30,419,200                | (5,905,727)             | 63,098,433                       | 5,180,000              |
| Compensated absences                                      | 667,187                       | 3,104,664                 | (1,139,957)             | 2,631,894                        | 1,139,761              |
| Other post-employment benefits liability                  | 6,329,455                     | 903,206                   | -                       | 7,232,661                        | -                      |
| Net pension liability                                     | 2,241,468                     | -                         | (1,443,898)             | 797,570                          | -                      |
| Lease liabilities                                         | 8,287                         | 1,145,833                 | (142,087)               | 1,012,033                        | 253,851                |
| SBITA liabilities                                         | -                             | 27,798                    | -                       | 27,798                           | 8,475                  |
| Closure and post-closure liability                        | 11,191,467                    | 556,589                   | -                       | 11,748,056                       | -                      |
| Total business-type activities                            | 59,022,824                    | 36,157,290                | (8,631,669)             | 86,548,445                       | 6,582,087              |
| <b>Total primary government</b>                           | <b>\$ 775,658,894</b>         | <b>\$ 159,007,298</b>     | <b>\$ (85,741,525)</b>  | <b>\$ 848,924,667</b>            | <b>\$ 63,831,318</b>   |
| Component unit activities:                                |                               |                           |                         |                                  |                        |
| Housing Finance Corporation:                              |                               |                           |                         |                                  |                        |
| Note Payable                                              | \$ 3,785,145                  | \$ -                      | \$ (74,916)             | \$ 3,710,229                     | \$ 78,069              |
| Total Housing Finance Corporation                         | 3,785,145                     | -                         | (74,916)                | 3,710,229                        | 78,069                 |
| <b>Total component units</b>                              | <b>\$ 3,785,145</b>           | <b>\$ -</b>               | <b>\$ (74,916)</b>      | <b>\$ 3,710,229</b>              | <b>\$ 78,069</b>       |

# City of Grand Prairie, Texas

## Notes to the Basic Financial Statements

September 30, 2025

At September 30, 2025, long-term debt for the City's governmental activities consisted of the following:

|                                                              | Interest<br>Rate % | Year of<br>Issue | Year of<br>Maturity | Original<br>Amount | Amount<br>Outstanding |
|--------------------------------------------------------------|--------------------|------------------|---------------------|--------------------|-----------------------|
| General obligation bonds:                                    |                    |                  |                     |                    |                       |
| Series 2012                                                  | 1.0-2.0            | 2012             | 2026                | 27,400,000         | \$ 735,000            |
| Series 2015                                                  | 1.75-5.0           | 2016             | 2027                | 10,270,000         | -                     |
| Series 2016                                                  | 3.0-5.0            | 2016             | 2030                | 33,810,000         | 10,010,000            |
| Series 2019                                                  | 5.00               | 2020             | 2031                | 19,475,000         | 5,210,000             |
| Series 2021                                                  | 0.969-4.0          | 2021             | 2041                | 66,945,000         | 60,625,000            |
| Series 2022A                                                 | 2.0                | 2022             | 2034                | 17,136,000         | 14,245,000            |
| Series 2022B                                                 | 2.02               | 2022             | 2034                | 8,215,000          | 7,428,000             |
| Series 2022C                                                 | 2.04               | 2022             | 2035                | 19,023,000         | 18,803,000            |
| Series 2022                                                  | 5.15-6.00          | 2022             | 2043                | 8,000,000          | 7,535,000             |
| Total general obligation bonds                               |                    |                  |                     |                    | 124,591,000           |
| General obligation pension bonds                             |                    |                  |                     |                    |                       |
| Series 2022                                                  | 3.1-4.4            | 2022             | 2031                | 77,515,000         | 67,175,000            |
| Total general obligation pension bonds                       |                    |                  |                     |                    | 67,175,000            |
| Tax Notes                                                    |                    |                  |                     |                    |                       |
| Series 2024                                                  | 3.98               | 2024             | 2025                | 8,473,000          | -                     |
| Total tax notes                                              |                    |                  |                     |                    | -                     |
| Combination tax and revenue certificates of obligation       |                    |                  |                     |                    |                       |
| Series 2014                                                  | 3.0-5.0            | 2015             | 2034                | 26,125,000         | -                     |
| Series 2015                                                  | 2.0-5.0            | 2016             | 2035                | 27,380,000         | -                     |
| Series 2016                                                  | 2.0-4.0            | 2016             | 2036                | 33,705,000         | 20,640,000            |
| Series 2017                                                  | 2.25-5.0           | 2017             | 2037                | 36,515,000         | 14,825,000            |
| Series 2018                                                  | 2.0-4.0            | 2018             | 2039                | 40,605,000         | 29,175,000            |
| Series 2019A                                                 | 2.0-5.0            | 2019             | 2039                | 34,910,000         | 24,145,000            |
| Series 2019B                                                 | 1.5-3.0            | 2019             | 2034                | 34,305,000         | 24,805,000            |
| Series 2021                                                  | 2.0-4.5            | 2021             | 2041                | 23,215,000         | 20,885,000            |
| Series 2021A                                                 | 0.969-4.0          | 2021             | 2036                | 16,935,000         | 14,590,000            |
| Series 2022                                                  | 2.0-4.0            | 2022             | 2036                | 24,255,000         | 21,250,000            |
| Series 2023                                                  | 4.0-5.0            | 2023             | 2043                | 46,000,000         | 43,135,000            |
| Series 2024                                                  | 5.0                | 2024             | 2043                | 52,775,000         | 51,070,000            |
| Series 2025                                                  | 5.0                | 2025             | 2044                | 43,475,000         | 43,475,000            |
| Series 2025A                                                 | 5.0                | 2025             | 2045                | 38,105,000         | 38,105,000            |
| Total combination tax and revenue certificates of obligation |                    |                  |                     |                    | 346,100,000           |
| Tax increment and public improvement district debt           |                    |                  |                     |                    |                       |
| Series 2015 PID 5                                            | 2.0-5.0            | 2016             | 2035                | 640,000            | -                     |
| Total tax increment and public improvement district debt     |                    |                  |                     |                    | -                     |
| Series 2009 Park Venue subordinate                           | 3.77               | 2009             | 2027                | 13,390,000         | 1,885,040             |
| Series 2013 Park Venue                                       | 2.0-4.0            | 2013             | 2027                | 11,060,000         | 985,000               |
| Series 2016 Park Venue                                       | 2.0-4.0            | 2016             | 2036                | 6,730,000          | 4,625,000             |
| Total Park Venue                                             |                    |                  |                     |                    | 7,495,040             |
| Sales tax revenue debt                                       |                    |                  |                     |                    |                       |
| Series 2015 EPIC                                             | 3.721-5.032        | 2015             | 2040                | 74,825,000         | 2,785,000             |
| Series 2022 Sales Tax Refunding                              | 2.1-3.0            | 2022             | 2037                | 61,550,000         | 59,425,000            |
| Total EPIC                                                   |                    |                  |                     |                    | 62,210,000            |
| Total general obligation debt                                |                    |                  |                     |                    | 607,571,040           |
| Unamortized bond premiums/discounts                          |                    |                  |                     |                    | 36,923,408            |
| <b>Total long-term debt - governmental activities</b>        |                    |                  |                     |                    | <b>\$ 644,494,448</b> |

# City of Grand Prairie, Texas

## Notes to the Basic Financial Statements

September 30, 2025

At September 30, 2025, changes in long-term debt for the City's governmental activities were as follows:

|                                                                     | Balance<br>October 1,<br>2024 | Borrowings<br>or Increase | Payments<br>or Decrease | Balance<br>September 30,<br>2025 | Due Within<br>One Year |
|---------------------------------------------------------------------|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| General obligation bonds:                                           |                               |                           |                         |                                  |                        |
| Series 2012                                                         | \$ 1,445,000                  | \$ -                      | \$ (710,000)            | \$ 735,000                       | \$ 735,000             |
| Series 2015                                                         | 970,000                       | -                         | (970,000)               | -                                | -                      |
| Series 2016                                                         | 12,815,000                    | -                         | (2,805,000)             | 10,010,000                       | 2,960,000              |
| Series 2019                                                         | 6,460,000                     | -                         | (1,250,000)             | 5,210,000                        | 855,000                |
| Series 2021                                                         | 63,840,000                    | -                         | (3,215,000)             | 60,625,000                       | 3,295,000              |
| Series 2022A                                                        | 15,650,000                    | -                         | (1,405,000)             | 14,245,000                       | 1,278,000              |
| Series 2022B                                                        | 8,129,000                     | -                         | (701,000)               | 7,428,000                        | 710,000                |
| Series 2022C                                                        | 18,814,000                    | -                         | (11,000)                | 18,803,000                       | 2,257,000              |
| Series 2022                                                         | 7,775,000                     | -                         | (240,000)               | 7,535,000                        | 250,000                |
| Total general obligation bonds                                      | 135,898,000                   | -                         | (11,307,000)            | 124,591,000                      | 12,340,000             |
| General obligation pension bonds:                                   |                               |                           |                         |                                  |                        |
| Series 2022                                                         | 70,885,000                    | -                         | (3,710,000)             | 67,175,000                       | 4,035,000              |
|                                                                     | 70,885,000                    | -                         | (3,710,000)             | 67,175,000                       | 4,035,000              |
| Tax Notes                                                           |                               |                           |                         |                                  |                        |
| Series 2024 - Tax Anticipation Note                                 | 8,473,000                     | -                         | (8,473,000)             | -                                | -                      |
| Total tax notes                                                     | 8,473,000                     | -                         | (8,473,000)             | -                                | -                      |
| Combination tax and revenue<br>certificates of obligation           |                               |                           |                         |                                  |                        |
| Series 2015                                                         | 1,560,000                     | -                         | (1,560,000)             | -                                | -                      |
| Series 2016                                                         | 22,135,000                    | -                         | (1,495,000)             | 20,640,000                       | 1,540,000              |
| Series 2017                                                         | 15,745,000                    | -                         | (920,000)               | 14,825,000                       | 965,000                |
| Series 2018                                                         | 30,655,000                    | -                         | (1,480,000)             | 29,175,000                       | 1,550,000              |
| Series 2019A                                                        | 25,430,000                    | -                         | (1,285,000)             | 24,145,000                       | 1,350,000              |
| Series 2019B                                                        | 27,250,000                    | -                         | (2,445,000)             | 24,805,000                       | 2,500,000              |
| Series 2021                                                         | 21,865,000                    | -                         | (980,000)               | 20,885,000                       | 1,020,000              |
| Series 2021A                                                        | 15,785,000                    | -                         | (1,195,000)             | 14,590,000                       | 1,220,000              |
| Series 2022                                                         | 22,155,000                    | -                         | (905,000)               | 21,250,000                       | 940,000                |
| Series 2023                                                         | 44,605,000                    | -                         | (1,470,000)             | 43,135,000                       | 1,545,000              |
| Series 2024                                                         | 52,775,000                    | -                         | (1,705,000)             | 51,070,000                       | 1,795,000              |
| Series 2025                                                         | -                             | 43,475,000                | -                       | 43,475,000                       | -                      |
| Series 2025A                                                        | -                             | 38,105,000                | -                       | 38,105,000                       | 4,425,000              |
| Total combination tax and revenue<br>certificates of obligation     | 279,960,000                   | 81,580,000                | (15,440,000)            | 346,100,000                      | 18,850,000             |
| Tax increment and public<br>improvement district debt               |                               |                           |                         |                                  |                        |
| Series 2015 PID 5                                                   | 80,000                        | -                         | (80,000)                | -                                | -                      |
| Total tax increment and public<br>improvement district debt         | 80,000                        | -                         | (80,000)                | -                                | -                      |
| Park Venue                                                          |                               |                           |                         |                                  |                        |
| Series 2009 subordinate                                             | 3,170,040                     | -                         | (1,285,000)             | 1,885,040                        | 1,335,000              |
| Series 2013                                                         | 1,795,000                     | -                         | (810,000)               | 985,000                          | 770,000                |
| Series 2016 Park Venue                                              | 4,890,000                     | -                         | (265,000)               | 4,625,000                        | 345,000                |
| Total Park Venue                                                    | 9,855,040                     | -                         | (2,360,000)             | 7,495,040                        | 2,450,000              |
| EPIC                                                                |                               |                           |                         |                                  |                        |
| Series 2015 EPIC                                                    | 5,465,000                     | -                         | (2,680,000)             | 2,785,000                        | 2,785,000              |
| Series 2022 Sales Tax Revenue Refunding                             | 60,040,000                    | -                         | (615,000)               | 59,425,000                       | 635,000                |
| Total EPIC                                                          | 65,505,000                    | -                         | (3,295,000)             | 62,210,000                       | 3,420,000              |
| Total change in long term debt                                      | 570,656,040                   | 81,580,000                | (44,665,000)            | 607,571,040                      | 41,095,000             |
| Unamortized bond premiums/discounts                                 | 32,624,279                    | 7,099,694                 | (2,800,565)             | 36,923,408                       | -                      |
| <b>Total change in long-term debt -<br/>governmental activities</b> | <b>\$ 603,280,319</b>         | <b>\$ 88,679,694</b>      | <b>\$ (47,465,565)</b>  | <b>\$ 644,494,448</b>            | <b>\$ 41,095,000</b>   |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

In November 2024, the City reissued the General Obligation Refunding Bonds, Series 2022C, to convert them from taxable to tax-exempt status. This action reduced the all-in interest cost and effectively lowered the interest rate from approximately 2.04% to 1.60%, generating estimated borrowing cost savings of approximately \$446,000 over the remaining term to maturity.

In February 2025, the City issued \$43,475,000 of Combination Tax and Revenue Certificates of Obligation, Series 2025. Proceeds were used to finance capital improvements across multiple service areas, including street and thoroughfare improvements; public safety facility improvements (including a new emergency operations center); parks and recreation equipment and facilities; acquisition of vehicles and equipment; acquisition and installation of technology equipment and enterprise financial and human resources software; and other municipal facility improvements such as HVAC repair and replacement, roof replacement, generators, lighting, landscaping, signage, and electric vehicle charging infrastructure.

In September 2025, the City issued \$38,105,000 of Combination Tax and Revenue Certificates of Obligation, Series 2025A, to support the FY 2025-2026 Capital Improvement Program. Proceeds were used to finance street and thoroughfare improvements (including Goodland Parkway and Miller Road); technology and software improvements, including a portion of Phase 2 of the Enterprise Resource Planning (ERP) replacement; public safety communications and recording system improvements; and fleet and equipment needs, including a fire engine replacement.

#### Outstanding Bond Debt Defeasement

At September 30, 2025, the City has no defeased debt.

At September 30, 2025, the aggregate debt service payments for long-term debt through the final year of maturity for the City's governmental activities were as follows:

| Fiscal<br>Year | General Obligation Bonds |                      |                       | Certificates of Obligation Bonds |                       |                       |
|----------------|--------------------------|----------------------|-----------------------|----------------------------------|-----------------------|-----------------------|
|                | Principal                | Interest             | Total                 | Principal                        | Interest              | Total                 |
| 2026           | \$ 12,340,000            | \$ 2,934,648         | \$ 15,274,648         | \$ 18,850,000                    | \$ 14,824,789         | \$ 33,674,789         |
| 2027           | 12,666,000               | 2,605,303            | 15,271,303            | 17,505,000                       | 13,218,880            | 30,723,880            |
| 2028           | 10,394,000               | 2,304,517            | 12,698,517            | 18,245,000                       | 12,480,040            | 30,725,040            |
| 2029           | 10,479,000               | 2,037,302            | 12,516,302            | 19,035,000                       | 11,708,373            | 30,743,373            |
| 2030           | 9,234,000                | 1,802,849            | 11,036,849            | 19,815,000                       | 10,911,484            | 30,726,484            |
| 2031           | 9,071,000                | 1,606,223            | 10,677,223            | 20,625,000                       | 10,101,212            | 30,726,212            |
| 2032           | 8,358,000                | 1,429,026            | 9,787,026             | 21,460,000                       | 9,273,848             | 30,733,848            |
| 2033           | 8,544,000                | 1,266,438            | 9,810,438             | 22,295,000                       | 8,428,234             | 30,723,234            |
| 2034           | 7,899,000                | 1,102,493            | 9,001,493             | 23,175,000                       | 7,550,607             | 30,725,607            |
| 2035           | 6,126,000                | 952,470              | 7,078,470             | 20,975,000                       | 6,678,276             | 27,653,276            |
| 2036           | 4,375,000                | 826,165              | 5,201,165             | 21,840,000                       | 5,802,827             | 27,642,827            |
| 2037           | 4,500,000                | 703,871              | 5,203,871             | 18,895,000                       | 4,956,725             | 23,851,725            |
| 2038           | 4,630,000                | 571,044              | 5,201,044             | 18,100,000                       | 4,183,000             | 22,283,000            |
| 2039           | 4,765,000                | 433,806              | 5,198,806             | 18,875,000                       | 3,406,825             | 22,281,825            |
| 2040           | 4,910,000                | 291,850              | 5,201,850             | 14,610,000                       | 2,697,375             | 17,307,375            |
| 2041           | 5,055,000                | 144,958              | 5,199,958             | 15,245,000                       | 2,057,250             | 17,302,250            |
| 2042           | 605,000                  | 53,251               | 658,251               | 14,350,000                       | 1,403,200             | 15,753,200            |
| 2043           | 640,000                  | 18,080               | 658,080               | 13,405,000                       | 758,200               | 14,163,200            |
| 2044           | -                        | -                    | -                     | 6,120,000                        | 287,000               | 6,407,000             |
| 2045           | -                        | -                    | -                     | 2,680,000                        | 67,000                | 2,747,000             |
|                | <u>\$ 124,591,000</u>    | <u>\$ 21,084,294</u> | <u>\$ 145,675,294</u> | <u>\$ 346,100,000</u>            | <u>\$ 130,795,145</u> | <u>\$ 476,895,145</u> |

# City of Grand Prairie, Texas

## Notes to the Basic Financial Statements

September 30, 2025

| Fiscal<br>Year | Sales Tax Revenue Bonds-Park Venue |                     |                     | Sales Tax Revenue Bonds-EPIC |                      |                      |
|----------------|------------------------------------|---------------------|---------------------|------------------------------|----------------------|----------------------|
|                | Principal                          | Interest            | Total               | Principal                    | Interest             | Total                |
| 2026           | \$ 2,450,000                       | \$ 212,693          | \$ 2,662,693        | \$ 3,420,000                 | \$ 1,643,532         | \$ 5,063,532         |
| 2027           | 1,120,040                          | 165,638             | 1,285,678           | 3,535,000                    | 1,529,168            | 5,064,168            |
| 2028           | 370,000                            | 142,438             | 512,438             | 3,645,000                    | 1,421,468            | 5,066,468            |
| 2029           | 385,000                            | 127,338             | 512,338             | 3,740,000                    | 1,327,523            | 5,067,523            |
| 2030           | 400,000                            | 111,638             | 511,638             | 3,820,000                    | 1,246,233            | 5,066,233            |
| 2031           | 420,000                            | 95,238              | 515,238             | 3,905,000                    | 1,159,305            | 5,064,305            |
| 2032           | 435,000                            | 78,138              | 513,138             | 3,995,000                    | 1,066,458            | 5,061,458            |
| 2033           | 455,000                            | 60,338              | 515,338             | 4,100,000                    | 967,268              | 5,067,268            |
| 2034           | 470,000                            | 43,600              | 513,600             | 4,205,000                    | 861,353              | 5,066,353            |
| 2035           | 485,000                            | 28,081              | 513,081             | 4,315,000                    | 748,435              | 5,063,435            |
| 2036           | 505,000                            | 10,100              | 515,100             | 4,435,000                    | 628,093              | 5,063,093            |
| 2037           | -                                  | -                   | -                   | 4,565,000                    | 500,951              | 5,065,951            |
| 2038           | -                                  | -                   | -                   | 4,700,000                    | 365,400              | 5,065,400            |
| 2039           | -                                  | -                   | -                   | 4,840,000                    | 222,300              | 5,062,300            |
| 2040           | -                                  | -                   | -                   | 4,990,000                    | 74,850               | 5,064,850            |
|                | <u>\$ 7,495,040</u>                | <u>\$ 1,075,240</u> | <u>\$ 8,570,280</u> | <u>\$ 62,210,000</u>         | <u>\$ 13,762,337</u> | <u>\$ 75,972,337</u> |

| Fiscal<br>Year | Pension Bonds        |                      |                      | Total                 |                       |                       |
|----------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                | Principal            | Interest             | Total                | Principal             | Interest              | Total                 |
| 2026           | 4,035,000            | 2,525,647            | 6,560,647            | 41,095,000            | 22,141,309            | 63,236,309            |
| 2027           | 4,380,000            | 2,384,821            | 6,764,821            | 39,206,040            | 19,903,810            | 59,109,850            |
| 2028           | 4,135,000            | 2,240,308            | 6,375,308            | 36,789,000            | 18,588,771            | 55,377,771            |
| 2029           | 4,460,000            | 2,092,039            | 6,552,039            | 38,099,000            | 17,292,575            | 55,391,575            |
| 2030           | 4,805,000            | 1,929,192            | 6,734,192            | 38,074,000            | 16,001,396            | 54,075,396            |
| 2031           | 5,165,000            | 1,749,950            | 6,914,950            | 39,186,000            | 14,711,928            | 53,897,928            |
| 2032           | 5,555,000            | 1,551,845            | 7,106,845            | 39,803,000            | 13,399,315            | 53,202,315            |
| 2033           | 5,970,000            | 1,330,734            | 7,300,734            | 41,364,000            | 12,053,012            | 53,417,012            |
| 2034           | 6,420,000            | 1,083,458            | 7,503,458            | 42,169,000            | 10,641,511            | 52,810,511            |
| 2035           | 6,900,000            | 809,334              | 7,709,334            | 38,801,000            | 9,216,596             | 48,017,596            |
| 2036           | 7,415,000            | 506,488              | 7,921,488            | 38,570,000            | 7,773,673             | 46,343,673            |
| 2037           | 7,935,000            | 173,737              | 8,108,737            | 35,895,000            | 6,335,284             | 42,230,284            |
| 2038           | -                    | -                    | -                    | 27,430,000            | 5,119,444             | 32,549,444            |
| 2039           | -                    | -                    | -                    | 28,480,000            | 4,062,931             | 32,542,931            |
| 2040           | -                    | -                    | -                    | 24,510,000            | 3,064,075             | 27,574,075            |
| 2041           | -                    | -                    | -                    | 20,300,000            | 2,202,208             | 22,502,208            |
| 2042           | -                    | -                    | -                    | 14,955,000            | 1,456,451             | 16,411,451            |
| 2043           | -                    | -                    | -                    | 14,045,000            | 776,280               | 14,821,280            |
| 2044           | -                    | -                    | -                    | 6,120,000             | 287,000               | 6,407,000             |
| 2045           | -                    | -                    | -                    | 2,680,000             | 67,000                | 2,747,000             |
|                | <u>\$ 67,175,000</u> | <u>\$ 18,377,553</u> | <u>\$ 85,552,553</u> | <u>\$ 607,571,040</u> | <u>\$ 185,094,569</u> | <u>\$ 792,665,609</u> |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Business-Type Activities

Long-term debt in the business-type activities column of the government-wide Statement of Net Position consists of water and wastewater system revenue bonds and unamortized bond premiums/discounts. Bonds issued for business-type activities are secured by a pledge of the property tax levy of the City, but are self-supporting obligations that are paid from the respective net revenues of each activity. Bond proceeds are used to fund additions and improvements to the City's water and wastewater system.

At September 30, 2025, long-term debt for the City's business-type activities consisted of the following:

|                                                        | <u>Interest<br/>Rate %</u> | <u>Year of<br/>Issue</u> | <u>Year of<br/>Maturity</u> | <u>Original<br/>Amount</u> | <u>Amount<br/>Outstanding</u> |
|--------------------------------------------------------|----------------------------|--------------------------|-----------------------------|----------------------------|-------------------------------|
| Water and wastewater:                                  |                            |                          |                             |                            |                               |
| Revenue bonds                                          |                            |                          |                             |                            |                               |
| Series 2010                                            | 0.0-2.587                  | 2010                     | 2030                        | \$ 4,995,000               | \$ 1,545,000                  |
| Series 2013                                            | 2.0-4.0                    | 2013                     | 2026                        | 14,045,000                 | 375,000                       |
| Series 2014                                            | 0.0-1.990                  | 2014                     | 2030                        | 4,000,000                  | 1,325,000                     |
| Series 2015                                            | 2.25-4.0                   | 2015                     | 2027                        | 4,155,000                  | 980,000                       |
| Series 2016                                            | 2.0-5.0                    | 2016                     | 2036                        | 17,625,000                 | 8,135,000                     |
| Series 2017                                            | 0.0-0.8                    | 2017                     | 2030                        | 5,110,000                  | 1,990,000                     |
| Series 2017A                                           | 2.0-4.0                    | 2017                     | 2036                        | 2,755,000                  | 1,990,000                     |
| Series 2019                                            | 0.0-0.49                   | 2019                     | 2039                        | 3,180,000                  | 2,220,000                     |
| Series 2020                                            | 5.0                        | 2020                     | 2031                        | 4,290,000                  | 1,425,000                     |
| Series 2022                                            | 4.0-5.0                    | 2022                     | 2043                        | 10,765,000                 | 10,405,000                    |
| Series 2025                                            | 5.0                        | 2025                     | 2044                        | 18,330,000                 | 18,330,000                    |
| Series 2025A                                           | 5.0                        | 2025                     | 2045                        | 9,540,000                  | 9,540,000                     |
| Total bonds payable - water wastewater                 |                            |                          |                             |                            | 58,260,000                    |
| Unamortized bond premiums/discounts                    |                            |                          |                             |                            | 4,838,433                     |
| <b>Total long-term debt - business-type activities</b> |                            |                          |                             |                            | <b>\$ 63,098,433</b>          |

# City of Grand Prairie, Texas

## Notes to the Basic Financial Statements

September 30, 2025

At September 30, 2025, changes in long-term debt for the City's business-type activities were as follows:

|                                                                      | Balance<br>October 1,<br>2024 | Borrowings<br>or Increase | Payments<br>or Decrease | Balance<br>September 30,<br>2025 | Due Within<br>One Year |
|----------------------------------------------------------------------|-------------------------------|---------------------------|-------------------------|----------------------------------|------------------------|
| Water and wastewater:                                                |                               |                           |                         |                                  |                        |
| Revenue bonds                                                        |                               |                           |                         |                                  |                        |
| Series 2010                                                          | \$ 1,825,000                  | \$ -                      | \$ (280,000)            | \$ 1,545,000                     | \$ 290,000             |
| Series 2013                                                          | 1,890,000                     | -                         | (1,515,000)             | 375,000                          | 375,000                |
| Series 2014                                                          | 1,580,000                     | -                         | (255,000)               | 1,325,000                        | 255,000                |
| Series 2015                                                          | 1,435,000                     | -                         | (455,000)               | 980,000                          | 480,000                |
| Series 2016                                                          | 9,810,000                     | -                         | (1,675,000)             | 8,135,000                        | 1,765,000              |
| Series 2017                                                          | 2,380,000                     | -                         | (390,000)               | 1,990,000                        | 395,000                |
| Series 2017A                                                         | 2,200,000                     | -                         | (210,000)               | 1,990,000                        | 220,000                |
| Series 2019                                                          | 2,380,000                     | -                         | (160,000)               | 2,220,000                        | 155,000                |
| Series 2020                                                          | 1,625,000                     | -                         | (200,000)               | 1,425,000                        | 210,000                |
| Series 2022                                                          | 10,765,000                    | -                         | (360,000)               | 10,405,000                       | 375,000                |
| Series 2025                                                          | -                             | 18,330,000                | -                       | 18,330,000                       | 550,000                |
| Series 2025A                                                         | -                             | 9,540,000                 | -                       | 9,540,000                        | 110,000                |
| Total revenue bonds                                                  | 35,890,000                    | 27,870,000                | (5,500,000)             | 58,260,000                       | 5,180,000              |
| Bond premiums/discounts                                              | 2,694,960                     | 2,549,200                 | (405,727)               | 4,838,433                        | -                      |
| <b>Total change in long-term debt -<br/>business-type activities</b> | <b>\$ 38,584,960</b>          | <b>\$ 30,419,200</b>      | <b>\$ (5,905,727)</b>   | <b>\$ 63,098,433</b>             | <b>\$ 5,180,000</b>    |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

At September 30, 2025, the aggregate debt service payments for long-term debt through the final year of maturity for the City's water and wastewater system were as follows:

| Fiscal<br>Year | Water and Wastewater System Revenue Bonds |                      |                      |
|----------------|-------------------------------------------|----------------------|----------------------|
|                | Principal                                 | Interest             | Total                |
| 2026           | \$ 5,180,000                              | \$ 2,287,686         | \$ 7,467,686         |
| 2027           | 5,225,000                                 | 2,182,218            | 7,407,218            |
| 2028           | 3,705,000                                 | 2,019,060            | 5,724,060            |
| 2029           | 3,840,000                                 | 1,881,151            | 5,721,151            |
| 2030           | 3,590,000                                 | 1,744,328            | 5,334,328            |
| 2031           | 2,710,000                                 | 1,617,591            | 4,327,591            |
| 2032           | 2,545,000                                 | 1,500,718            | 4,045,718            |
| 2033           | 2,665,000                                 | 1,385,174            | 4,050,174            |
| 2034           | 2,485,000                                 | 1,269,850            | 3,754,850            |
| 2035           | 2,600,000                                 | 1,154,829            | 3,754,829            |
| 2036           | 2,725,000                                 | 1,037,019            | 3,762,019            |
| 2037           | 2,330,000                                 | 926,745              | 3,256,745            |
| 2038           | 2,440,000                                 | 821,332              | 3,261,332            |
| 2039           | 2,545,000                                 | 710,730              | 3,255,730            |
| 2040           | 2,500,000                                 | 595,263              | 3,095,263            |
| 2041           | 2,625,000                                 | 474,488              | 3,099,488            |
| 2042           | 2,745,000                                 | 347,888              | 3,092,888            |
| 2043           | 2,880,000                                 | 214,706              | 3,094,706            |
| 2044           | 2,175,000                                 | 91,875               | 2,266,875            |
| 2045           | 750,000                                   | 18,750               | 768,750              |
| <b>Total</b>   | <b>\$ 58,260,000</b>                      | <b>\$ 22,281,401</b> | <b>\$ 80,541,401</b> |

#### Water and Wastewater System Debt Service Coverage

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

- Net revenues (defined as gross revenues less expenses of operation and maintenance) are pledged for the payment of bond principal and interest.
- Additional water and wastewater system revenue bonds cannot be issued unless the "net earnings" (defined as gross revenues after deducting the expenses of operation and maintenance, excluding depreciation and certain other items specified in the ordinances) of the system for twelve consecutive months out of the fifteen 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 are to be paid into the water and wastewater system interest and redemption account during each year.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

At September 30, 2025, compliance with these covenants can be demonstrated as follows:

|                                                                                                                  |                             |
|------------------------------------------------------------------------------------------------------------------|-----------------------------|
| System revenue <sup>(1)</sup>                                                                                    | \$ 121,318,264              |
| Operating expenses:                                                                                              |                             |
| Water purchased                                                                                                  | 21,422,057                  |
| Sewage disposal contract                                                                                         | 24,437,805                  |
| Other operating expenses                                                                                         | <u>39,052,840</u>           |
| Total expenses <sup>(2)</sup>                                                                                    | <u>84,912,702</u>           |
| <b>Net revenue (available for debt service)</b>                                                                  | <b><u>\$ 36,405,562</u></b> |
| Average annual principal and interest requirements, all water and wastewater revenue bonds at September 30, 2025 | \$ 4,027,070                |
| Coverage of average annual requirements based on September 30, 2025 revenue available for debt service           | 9.04                        |

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

(2) Excludes depreciation expense.

#### Grand Prairie Housing Finance Corporation

The GPHFC has a general obligation note payable to a bank that was used to construct the Cotton Creek and Willow Tree Learning Center. The note bears a rate of 4.25% and is payable in equal monthly installments of \$12,438 through September 21, 2040.

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%, depending on longevity. Beginning January 1, 2011, semi-annual retirements of the Bonds began and continue through January 1, 2034. 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 year ended December 31, 2024 was as follows:

|              | Beginning<br>Balance       | Additions          | Deletions                 | Ending<br>Balance          | Due<br>Within<br>One Year |
|--------------|----------------------------|--------------------|---------------------------|----------------------------|---------------------------|
| Note payable | \$ 1,785,145               | \$ -               | \$ (74,916)               | \$ 1,710,229               | \$ 78,069                 |
| City Note    | <u>2,000,000</u>           | <u>-</u>           | <u>-</u>                  | <u>2,000,000</u>           | <u>-</u>                  |
| <b>Total</b> | <b><u>\$ 3,785,145</u></b> | <b><u>\$ -</u></b> | <b><u>\$ (74,916)</u></b> | <b><u>\$ 3,710,229</u></b> | <b><u>\$ 78,069</u></b>   |

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. During the fiscal year, both the priority and subordinate bonds were repurchased. The repurchases were funded through operating funds, a grant from the City, and a \$2,000,000 promissory note payable to the City in annual payments beginning in 2027 with interest at 3.75%.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

Future maturities of the debt are as follows:

| Year Ending<br>December 31, | Note Payable        |                   | Revenue Bonds       |                   |
|-----------------------------|---------------------|-------------------|---------------------|-------------------|
|                             | Principal           | Interest          | Principal           | Interest          |
| 2025                        | 78,069              | 71,187            | -                   | 66,467            |
| 2026                        | 81,453              | 67,804            | -                   | 68,544            |
| 2027                        | 84,983              | 64,273            | 47,343              | 61,021            |
| 2028                        | 88,666              | 60,590            | 316,832             | 53,026            |
| 2029                        | 90,115              | 59,141            | 1,635,825           | 189,100           |
| 2030-2034                   | 512,057             | 234,223           | -                   | -                 |
| 2035-2039                   | 631,865             | 114,415           | -                   | -                 |
| 2040                        | 143,021             | 6,146             | -                   | -                 |
| <b>Total</b>                | <b>\$ 1,710,229</b> | <b>\$ 677,779</b> | <b>\$ 2,000,000</b> | <b>\$ 438,158</b> |

### Leases- Lessee

The City has entered into multiple lease agreements as lessee for the right-to-use land, building, and equipment over the term of the lease. The City is required to make periodic payments at its incremental borrowing rate or the interest rate stated or implied within the leases. Effective October 1, 2022, the City implemented GASB Statement No. 87, Leases. At the implementation of this statement, the City initially measured the lease liability at the present value of payments expected to be made during the remaining lease term.

The City's lessee arrangements incur interest at rates of approximately 4% annually; all of which are accounted for within the City's governmental and business-type activities. All such arrangements range between 3 and 20 years in length.

The annual debt service requirement to amortize the other lease liabilities outstanding at September 30, 2025, is as follows:

| Fiscal<br>Year | Governmental Activities Lease Liabilities |                   |                     |
|----------------|-------------------------------------------|-------------------|---------------------|
|                | Principal                                 | Interest          | Total               |
| 2026           | \$ 865,459                                | \$ 141,629        | \$ 1,007,088        |
| 2027           | 764,215                                   | 112,540           | 876,755             |
| 2028           | 678,251                                   | 86,952            | 765,203             |
| 2029           | 439,494                                   | 61,806            | 501,300             |
| 2030           | 457,079                                   | 44,221            | 501,300             |
| 2031-2035      | 651,880                                   | 44,497            | 696,377             |
|                | <b>\$ 3,856,378</b>                       | <b>\$ 491,645</b> | <b>\$ 4,348,023</b> |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

| Fiscal<br>Year | Business Type Lease Liabilities |                  |                     |
|----------------|---------------------------------|------------------|---------------------|
|                | Principal                       | Interest         | Total               |
| 2026           | \$ 253,851                      | \$ 22,973        | \$ 276,824          |
| 2027           | 251,925                         | 16,541           | 268,466             |
| 2028           | 252,073                         | 10,237           | 262,310             |
| 2029           | 212,314                         | 3,811            | 216,125             |
| 2030           | 41,870                          | 194              | 42,064              |
|                | <u>\$ 1,012,033</u>             | <u>\$ 53,756</u> | <u>\$ 1,065,789</u> |

### Subscription Based Information Technology Arrangements (SBITA)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make monthly, quarterly, or annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rate, term, and ending subscription liability are as follows:

|                                 | Interest<br>Rate(s) | SBITA Term<br>in Years | Ending<br>Balance   |
|---------------------------------|---------------------|------------------------|---------------------|
| Governmental activities SBITA   | 2.31-4.32%          | 3                      | \$ 1,725,281        |
| Business-type activities- SBITA | 2.31-4.32%          | 3                      | <u>27,799</u>       |
| <b>Total SBITA</b>              |                     |                        | <b>\$ 1,753,080</b> |

The future principal and interest SBITA payments as of the fiscal year end are as follows:

| Fiscal Year<br>Ending                | Principal           | Interest          | Total               |
|--------------------------------------|---------------------|-------------------|---------------------|
| 2026                                 | \$ 676,607          | \$ 54,266         | \$ 730,873          |
| 2027                                 | 677,183             | 33,465            | 710,648             |
| 2028                                 | <u>371,491</u>      | <u>12,913</u>     | <u>384,404</u>      |
| <b>Total governmental activities</b> | <b>\$ 1,725,281</b> | <b>\$ 100,644</b> | <b>\$ 1,825,925</b> |

The value of the subscription assets as of the end of the current fiscal year was \$6,444,803 and had accumulated amortization of \$2,398,667.

### 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 that 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 \$11,748,056 in the Solid Waste Fund. The total liability represents the cumulative amount reported to date based on the use of 56.07% of the estimated capacity of the landfill.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

The City will recognize the remaining estimated cost of closure and post-closure care of \$8,511,075 as the remaining estimated capacity is filled. The City expects to close the landfill in the year 2037. Actual cost may be higher or lower due to inflation, changes in technology, or changes in regulations.

#### Environmental Remediation Obligations

The City has recorded liabilities related to environmental remediation in the amount of \$1,820,947 in the Statement of Net Position. 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 owns the buildings listed in the environmental remediation liability table and is responsible for the asbestos abatement.

Environmental remediation liability activity for the primary government in fiscal year 2025 was as follows:

| Property Description             | Beginning<br>Balance<br>9/30/2024 | Additions           | Reductions         | Ending<br>Balance<br>9/30/2025 | Current<br>Portion  |
|----------------------------------|-----------------------------------|---------------------|--------------------|--------------------------------|---------------------|
| Copeland Home Asbestos Abatement | \$ 20,900                         | \$ -                | \$ -               | \$ 20,900                      | \$ 20,900           |
| 630 W. Main Street               | 41,096                            | -                   | (41,096)           | -                              | -                   |
| Calvary Church - Phase 2         | -                                 | 384,260             | -                  | 384,260                        | 384,260             |
| Calvary Church - Phase 3         | -                                 | 762,546             | -                  | 762,546                        | 762,546             |
| Gun Range                        | 625,000                           | -                   | -                  | 625,000                        | 625,000             |
| 600 NE 8th Street                | 28,241                            | -                   | (28,241)           | -                              | -                   |
| Total                            | <u>\$ 715,237</u>                 | <u>\$ 1,146,806</u> | <u>\$ (69,337)</u> | <u>\$ 1,792,706</u>            | <u>\$ 1,792,706</u> |

#### **Other Liabilities**

##### Sales Tax Payback

During fiscal year 2008, the Texas Comptroller of Public Accounts notified the City of an error in sales tax payments made to the City. The error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller over several years. The overpayment by the business resulted in an overpayment to the City for \$2,386,466. In 2012, a liability for this amount was recorded by the City and is repaid from future sales tax revenue over a period of thirteen years.

During fiscal year 2022, the Texas Comptroller of Public Accounts notified the City of an error in sales tax payments made to the City. The error was the result of a local business reporting and paying taxes incorrectly to the State Comptroller over several years. The overpayment by the business resulted in an overpayment to the City for \$3,108,638. In 2022, a liability for this amount was recorded by the City and is repaid from future sales tax revenue over a period of six years.

As of September 30, 2025, the total liability equaled \$1,072,322.

#### **I. 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.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

The City's current per occurrence and aggregate limits through the TMLIRP are as follows:

| Coverage                  | Per Occurrence | Aggregate    |
|---------------------------|----------------|--------------|
| 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   |

Current deductibles with TMLIRP are \$350,000 for Workers Compensation with no aggregate retention; \$300,000 for all liability lines (General, Law Enforcement, Public Officials, and Auto Liability); \$1,000 for Automobiles; and \$10,000 for Mobile Equipment.

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 number 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 September 30, 2025 actuarial report was \$4,562,569.

The City offers group health coverage to its employees and retirees in plans administered by United Health Care uses 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 \$750,000 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, 2025 were \$1,271,179.

**City of Grand Prairie, Texas**  
Notes to the Basic Financial Statements  
September 30, 2025

At September 30, 2025, the change in estimates of accrual liabilities for health coverage for the risk management fund:

|      | Beginning of<br>Fiscal Year<br>Liability | Claims and<br>Changes in<br>Estimates | Claim<br>Payments | End of<br>Fiscal Year<br>Liability |
|------|------------------------------------------|---------------------------------------|-------------------|------------------------------------|
| 2025 | \$ 5,286,230                             | \$ 25,807,965                         | \$ 25,260,447     | \$ 5,833,748                       |
| 2024 | 5,792,952                                | 22,986,890                            | 23,493,612        | 5,286,230                          |
| 2023 | 5,938,092                                | 23,476,179                            | 23,621,319        | 5,792,952                          |

**J. Defined Benefit Pension Plan**

Plan Description

The City participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at [tmrs.com](https://www.tmrsonline.com).

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

Plan provisions for the City are as follows:

|                                   |                                                     |
|-----------------------------------|-----------------------------------------------------|
| Employee deposit rate             | 7%                                                  |
| Matching ratio (City to employee) | 2 to 1                                              |
| Years required for vesting        | 5                                                   |
| Service retirement eligibility    | 20 years at any age, 5 years<br>at age 60 and above |
| Updated service credit            | 100% Repeating transfers                            |
| Annuity increase to retirees      | 70% of CPI Repeating                                |

Additional information related to the TMRS Plan is located in the TMRS Annual Comprehensive Financial Report.

**City of Grand Prairie, Texas**  
Notes to the Basic Financial Statements  
September 30, 2025

Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

|                                                                  |                     |
|------------------------------------------------------------------|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 996                 |
| Inactive employees entitled to but not yet receiving benefits    | 833                 |
| Active employees                                                 | <u>1,482</u>        |
| <b>Total</b>                                                     | <u><u>3,311</u></u> |

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the City matching percentages are either 100%, 150%, or 200%, as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City of Grand Prairie were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City of Grand Prairie were 12.49% and 13.17% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025, were \$16,734,271 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

|                           |                                                                    |
|---------------------------|--------------------------------------------------------------------|
| Inflation                 | 2.5% per year                                                      |
| Overall payroll growth    | 2.75% per year, adjusted down for population declines, if any      |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103%, and female rates are multiplied by 105%. The rates for actives, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements, subject to the floor.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

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The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2023. The assumptions were adopted in 2023 and first used in the December 31, 2024, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation and the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

| Asset Class           | Target Allocation | Long-Term Expected<br>Real Rate of Return<br>(Arithmetic) |
|-----------------------|-------------------|-----------------------------------------------------------|
| Global public equity  | 35.0%             | 7.1%                                                      |
| Core fixed income     | 6.0%              | 5.0%                                                      |
| Non-core fixed income | 6.0%              | 6.8%                                                      |
| Hedge funds           | 5.0%              | 6.4%                                                      |
| Private equity        | 13.0%             | 8.5%                                                      |
| Private debt          | 13.0%             | 8.2%                                                      |
| Real estate           | 12.0%             | 6.7%                                                      |
| Infrastructure        | 6.0%              | 6.0%                                                      |
| Other private markets | 4.0%              | 7.3%                                                      |
| <b>Total</b>          | <b>100.0%</b>     |                                                           |

#### Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Changes in the Net Pension Liability

|                                                      | Increase (Decrease)               |                                       |                                       |
|------------------------------------------------------|-----------------------------------|---------------------------------------|---------------------------------------|
|                                                      | Total Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
| Balance at December 31, 2023                         | \$ 778,883,252                    | \$ 756,011,138                        | 22,872,114                            |
| Changes for the year:                                |                                   |                                       |                                       |
| Service cost                                         | 25,815,578                        | -                                     | 25,815,578                            |
| Interest                                             | 52,282,215                        | -                                     | 52,282,215                            |
| Change of benefit terms                              | -                                 | -                                     | -                                     |
| Difference between expected<br>and actual experience | 11,783,367                        | -                                     | 11,783,367                            |
| Changes in assumptions                               | -                                 | -                                     | -                                     |
| Contributions - employer                             | -                                 | 16,734,271                            | (16,734,271)                          |
| Contributions - employee                             | -                                 | 9,639,427                             | (9,639,427)                           |
| Net investment income                                | -                                 | 78,655,787                            | (78,655,787)                          |
| Benefit payments*                                    | (34,479,431)                      | (34,479,431)                          | -                                     |
| Administrative expense                               | -                                 | (503,790)                             | 503,790                               |
| Other changes                                        | -                                 | (11,782)                              | 11,782                                |
| Net changes                                          | 55,401,729                        | 70,034,482                            | (14,632,753)                          |
| Balance at December 31, 2024                         | <u>\$ 834,284,981</u>             | <u>\$ 826,045,620</u>                 | <u>\$ 8,239,361</u>                   |

\* Includes refunds of employee contributions

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Net Pension Liability of the City, calculated using the discount rate of 6.75%, as well as what the City's Net Pension Liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

| Sensitivity of the Net Pension Liability to<br>Changes in the Discount Rate |                        |                 |
|-----------------------------------------------------------------------------|------------------------|-----------------|
|                                                                             | Current<br>Single Rate |                 |
| 1% Decrease                                                                 |                        | 1% Increase     |
| \$ 123,648,844                                                              | \$ 8,239,361           | \$ (86,783,785) |

#### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at [tmrs.com](http://tmrs.com).

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the city recognized pension expense of \$23,231,237.

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                             | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|-------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference in expected and actual experience<br>[actuarial (gains) or losses]                               | \$ 20,799,132                     | \$ (73,299)                      |
| Difference in assumptions                                                                                   | -                                 | (2,560,799)                      |
| Difference in projected and actual earnings<br>on pension plan investments<br>[actuarial (gains) or losses] | -                                 | (11,919,226)                     |
| Employer's contributions to the pension plan<br>subsequent to the measurement date                          | 13,975,513                        | -                                |
|                                                                                                             | <u>\$ 34,774,645</u>              | <u>\$ (14,553,324)</u>           |

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date of \$13,975,513 will be recognized as a reduction of the total pension liability in the City's financial statements September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

| Measurement<br>Year Ended<br>December 31 | Net deferred<br>outflows (inflows)<br>of resources |
|------------------------------------------|----------------------------------------------------|
| 2026                                     | \$ 6,559,825                                       |
| 2027                                     | 12,075,484                                         |
| 2028                                     | (8,576,605)                                        |
| 2029                                     | (3,812,896)                                        |
| 2030                                     | -                                                  |
| Total                                    | <u>\$ 6,245,808</u>                                |

## K. Other Postemployment Benefits (OPEB)

### Plan Description

#### Supplemental Death Benefits

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 the Basic Financial Statements

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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.

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

TMRS Retirement / Plan option may include:

- Service retirement, 20 years 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 set up for the plan; therefore, there is no separate audit report available.

Retirees pay a portion of their retiree health care premium 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 altogether, they may not elect medical again in the future for any reason.

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 of 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.

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, unless they become eligible under TMRS and elect retirement immediately following the month of death. They become "retiree" in that case.

For all retirements after 1/1/08, dependents must have been covered for the 2 years immediately preceding the effective date of retirement to be eligible to continue coverage under the retiree plan into retirement.

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.

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

**City of Grand Prairie, Texas**  
Notes to the Basic Financial Statements  
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The City offers medical, dental, and vision coverage to eligible retirees.

Employees Covered by Benefit Terms

For retiree health insurance at the September 30, 2025 valuation and measurement date, the following employees were covered by the benefit terms:

|                                                                  |                     |
|------------------------------------------------------------------|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 151                 |
| Active employees                                                 | <u>1,415</u>        |
| <b>Total</b>                                                     | <u><b>1,566</b></u> |

For TMRS supplemental death at the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

|                                                                  |                     |
|------------------------------------------------------------------|---------------------|
| Inactive employees or beneficiaries currently receiving benefits | 739                 |
| Inactive employees entitled to but not yet receiving benefits    | 175                 |
| Active employees                                                 | <u>1,482</u>        |
| <b>Total</b>                                                     | <u><b>2,396</b></u> |

Contributions

For retiree health insurance, retirees and their spouses currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums.

Monthly retiree contribution rates are as follows:

Retiree Monthly Health Care Premiums for Grandfathered Retirees under 65 (Employee Pays Portion)

|                                           | Monthly<br>Health Care<br>Premium |
|-------------------------------------------|-----------------------------------|
| Over 65 retiree<br>(Grandfathered by age) |                                   |
| Employee only                             | \$ 249                            |
| Employee plus spouse                      | 338                               |

Retiree Monthly Health Care Premiums Retirees under 65 (Employee Pays Portion)

|                    | Monthly<br>Health Care<br>Premium |    |      |
|--------------------|-----------------------------------|----|------|
| Group              | EPO                               |    | HDHP |
| Retiree only       | \$ 99                             | \$ | 90   |
| Retiree + spouse   | 217                               |    | 198  |
| Retiree + children | 197                               |    | 180  |
| Family             | 315                               |    | 288  |

**City of Grand Prairie, Texas**  
Notes to the Basic Financial Statements  
September 30, 2025

Total OPEB Liability

The City of Grand Prairie's retiree health insurance total OPEB liability of \$70,458,717 was measured as of September 30, 2025, and was determined by an actuarial valuation as of that date.

The City of Grand Prairie TMRS supplemental death total OPEB liability of \$4,258,859 measured as of December 31, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The retiree health insurance total OPEB liability in the September 30, 2025 actuarial valuation was determined using the following actuarial assumptions:

|                            |                                                                  |
|----------------------------|------------------------------------------------------------------|
| Inflation                  | 2.50%                                                            |
| Salary increases           | 3.60% to 11.85%, including inflation                             |
| Discount rate              | 4.90%                                                            |
| Mortality rates - retirees | PUB-2014 (50% General, 50% Safety) Table projected using MP-2021 |

The discount rate was selected by the City of Grand Prairie based on the Bond Buyer 20-Bond General Obligation Index to reflect yields on long-term municipal bonds as of the measurement date.

The TMRS supplemental death total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Inflation                           | 2.50%                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Salary increases                    | 3.60% to 11.85% including inflation                                                                                                                                                                                                                                                                                                                                                                                                 |
| Discount rate                       | 4.08%                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Administrative expenses             | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.                                                                                                                                                                                                                                                                                          |
| Mortality rates - service retirees  | 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).                                                                                                                                                                                  |
| Mortality rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

The discount rate is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

| Change in OPEB Liability<br>Retiree Health Insurance | Total OPEB<br>Liability |
|------------------------------------------------------|-------------------------|
| Balance at September 30, 2024                        | \$ 60,235,760           |
| Changes for the year:                                |                         |
| Service cost                                         | 4,688,557               |
| Interest                                             | 2,437,874               |
| Difference between expected<br>and actual experience | 12,098,051              |
| Changes in assumptions                               | (6,656,273)             |
| Contributions - employer                             | (2,345,252)             |
| Benefit payments*                                    | -                       |
| Net changes                                          | 10,222,957              |
| Balance at September 30, 2025                        | \$ 70,458,717           |

| Change in OPEB Liability<br>TMRS Supplemental Death  | Total OPEB<br>Liability |
|------------------------------------------------------|-------------------------|
| Balance at December 31, 2023                         | \$ 4,350,512            |
| Changes for the year:                                |                         |
| Service cost                                         | 177,757                 |
| Interest                                             | 164,272                 |
| Difference between expected<br>and actual experience | (48,899)                |
| Changes in assumptions                               | (220,700)               |
| Benefit payments*                                    | (164,082)               |
| Net changes                                          | (91,652)                |
| Balance at December 31, 2024                         | \$ 4,258,860            |

\*Due to the Plan being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

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#### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City's retiree health insurance, calculated using the discount rate of 4.90%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.90%) or 1 percentage point higher (5.90%) than the current discount rate:

| Sensitivity of the OPEB Liability to<br>Changes in the Discount Rate |                          |               |
|----------------------------------------------------------------------|--------------------------|---------------|
| 1% Decrease                                                          | Current<br>Discount Rate | 1% Increase   |
| \$ 77,643,953                                                        | \$ 70,458,717            | \$ 64,026,949 |

The following presents the total OPEB liability of the City's TMRS supplemental plan, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current discount rate:

| Sensitivity of the OPEB Liability to<br>Changes in the Discount Rate |                          |              |
|----------------------------------------------------------------------|--------------------------|--------------|
| 1% Decrease                                                          | Current<br>Discount Rate | 1% Increase  |
| \$ 5,034,058                                                         | \$ 4,258,860             | \$ 3,647,700 |

#### Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City's retiree health insurance, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

| Sensitivity of the OPEB Liability to<br>Changes in the Healthcare Cost Rate |                          |               |
|-----------------------------------------------------------------------------|--------------------------|---------------|
| 1% Decrease                                                                 | Current<br>Discount Rate | 1% Increase   |
| \$ 61,677,689                                                               | \$ 70,458,717            | \$ 81,031,706 |

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized total OPEB expense of \$3,235,801, which included \$3,069,602 related to Retiree Health Insurance and \$166,199 related to TMRS Supplemental Death.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

At September 30, 2025, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

#### Retiree Health Insurance

|                                                                                 | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference in expected and actual experience                                    | \$ 10,798,862                     | \$ (3,319,546)                   |
| Difference in assumptions                                                       | -                                 | (8,797,089)                      |
| Difference in projected and actual earnings<br>on OPEB plan investments         | -                                 | -                                |
| Employer's contributions to the OPEB plan<br>subsequent to the measurement date | -                                 | -                                |
|                                                                                 | <u>\$ 10,798,862</u>              | <u>\$ (12,116,635)</u>           |

#### TMRS Supplemental Death

|                                                                                 | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---------------------------------------------------------------------------------|-----------------------------------|----------------------------------|
| Difference in expected and actual experience                                    | \$ 33,678                         | \$ (206,485)                     |
| Difference in assumptions                                                       | 476,903                           | (1,248,038)                      |
| Difference in projected and actual earnings<br>on OPEB plan investments         | -                                 | -                                |
| Employer's contributions to the OPEB plan<br>subsequent to the measurement date | 126,056                           | -                                |
|                                                                                 | <u>\$ 636,637</u>                 | <u>\$ (1,454,523)</u>            |

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$177,756 will be recognized as a reduction of the total OPEB liability in the City's financial statements September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

#### Retiree Health Insurance

| Measurement<br>Period Ended<br>September 30, | Net deferred<br>outflows (inflows)<br>of resources |
|----------------------------------------------|----------------------------------------------------|
| 2026                                         | \$ (2,120,257)                                     |
| 2027                                         | (2,120,257)                                        |
| 2028                                         | 392,911                                            |
| 2029                                         | 392,911                                            |
| 2030                                         | 392,911                                            |
| Thereafter                                   | <u>1,744,008</u>                                   |
| <b>Total</b>                                 | <u>\$ (1,317,773)</u>                              |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### TMRS Supplemental Death

| Measurement<br>Year Ended<br>December 31, | Net deferred<br>outflows (inflows)<br>of resources |
|-------------------------------------------|----------------------------------------------------|
| 2025                                      | \$ (202,359)                                       |
| 2026                                      | (205,977)                                          |
| 2027                                      | (286,531)                                          |
| 2028                                      | (212,894)                                          |
| 2029                                      | (17,382)                                           |
| Thereafter                                | (18,799)                                           |
| <b>Total</b>                              | <b>\$ (943,942)</b>                                |

#### **L. Assigned Fund Balance and Restricted Net Position**

At September 30, 2025, assigned fund balances were classified as follows:

|                                  | <u>General</u>      |
|----------------------------------|---------------------|
| Fire-State Supp Funds (TASPP)    | \$ 1,257,730        |
| GPPD Boxing Program              | 12,932              |
| GPPD Explorer Program            | 8,736               |
| GPPD Mounted Patrol              | 590                 |
| Hall of Fame Trust Fund          | 28,495              |
| KGPB Youth Scholarship Fund      | 5,309               |
| Kirby Creek Accessibility Garden | 5,977               |
| State Training Funds (Police)    | 70,804              |
| US Marshals Service Agreement    | 361,893             |
| Home Match Cash Fund             | 280,690             |
| First Offender Program           | 29,073              |
| Police Memorials                 | 324                 |
| <b>Total assigned</b>            | <b>\$ 2,062,553</b> |

At September 30, 2025 the net position restricted for other specific purposes in the governmental activities equaled \$404,248 and was primarily made up of fund balance restricted at the fund level for the General Fund.

#### **M. Contracts, Commitments, and Contingent Liabilities**

##### Federal and State 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 that may arise as a result of these audits is not believed to be material.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Litigation

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

#### Water Intake Facility Contract

The City entered into a contract with the Trinity River Authority (TRA) whereby TRA agreed to sell revenue bonds to construct and operate water treatment for the transmission and storage facilities necessary to supply treated water to several area cities. The City has also agreed to contractually pay TRA annually an amount sufficient to 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.

#### Water Purchase Contracts

The City of Grand Prairie has a 30-year contract with the City of Dallas (DWU), which expires in 2042, for the purchase of treated water. Currently, the City is authorized to receive up to 40.8 million gallons per day (MGD) from DWU, and the City, as a Wholesale Customer of DWU, is required to pay both a fixed annual demand charge and a volume charge. The fixed annual demand charge is based on current maximum demand or the highest demand established during the five preceding years, whichever is greater. For FY2025, the volume charge is \$0.5663 per 1000 gallons, and the demand charge is \$356,978 per the City's approved MGD rate setting (40.8 MGD). The fixed demand and volume charges may be increased by DWU in future years as needed. The City has two intake points from DWU. Intake point #1, DWU South, is located at the City's Terminal Road Ground Storage Tank Facility, 1834 Strauss Road. At this location, the City is authorized to receive 30 MGD from DWU. Intake point #2, DWU North, is located at the City's Small Hill Pump Station, 620 Small Hill Drive, which is authorized to receive 10.8 MGD from DWU.

A contract with the City of Fort Worth, effective until the year 2031, permits the City to purchase up to 2.5 MGD.

A contract with the City of Midlothian, executed in 2014 for a 30-year term, permits the City to purchase up to an average of 2 MGD during the term of the contract. Beginning in February 2015, the City began purchasing water from the City of Midlothian. In FY2025, the average daily rate of water received from the City of Midlothian was 1.089 MGD.

A contract with the City of Arlington, executed in 2011 for a 20-year term, allows the City to purchase up to 2.5 MGD maximum flow unless otherwise agreed to in writing. As of September 30, 2025, no water has been purchased through this contract.

A contract with the City of Mansfield, executed in 2010 for a 40-year term, permits the City to purchase up to 12 MGD. For FY2025, the City is currently authorized to receive 1 MGD from the City of Mansfield. In FY2025, the average daily rate of water received from the City of Mansfield was 0.387 MGD.

Excluding its contract with the City of Arlington, the City has a combined total water purchase capacity of 46.3 MGD from its 4 current Wholesale providers.

#### Water Storage Capacity

The City currently has a total storage capacity of 49 million gallons (MG), with 10 MG being ground tank storage and 39 MG being elevated tank storage.

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Wastewater Treatment Contracts

The City has a 50-year contract with TRA for wastewater treatment. The City is billed for its prorated share of total wastewater costs, which was 21.38% during FY2024. 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.

#### Mountain Creek Regional Wastewater System (MCRWS) Contract (System)

The City entered into a contract with the Trinity River Authority (TRA) in 2002 for the collection and treatment of wastewater within TRA's Mountain Creek Regional Wastewater System (MCRWS), which is in effect for the entire useful life of the MCRWS. The City is 1 of 4 contracting parties in TRA's MCRWS. In TRA's FY2024, the City contributed 9.627% or .372 MGD of wastewater flow to this regional system. For the City's fiscal year ending September 30, 2025, the City paid \$1,235,431 to TRA for the collection and treatment of wastewater in TRA's MCRWS.

#### Central Regional Wastewater System (CRWS) Contract (System)

The City entered into a contract, which expires in 2049, with the Trinity River Authority (TRA) for the collection and treatment of wastewater within TRA's Central Regional Wastewater System (CRWS). The City is 1 of 21 contracting parties in TRA's CRWS. In TRA's FY2024, the City contributed 11.753% or 17.027 MGD of wastewater flow to this regional system. For the City's fiscal year ending September 30, 2025, the City paid \$24,437,805 to TRA for collection and treatment of wastewater in TRA's CRWS.

#### Master and Other Agreements

The City and Texas NextStage, L.P. (NextStage) entered into agreements (development agreements, lease Agreements, and other ancillary agreements) on January 10, 2001, to design, develop, and construct a performance hall (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 the fiscal year 2001. NextStage initially leased the Performance Hall from the City under a twenty-one-year lease. Effective September 18, 2002, Anschutz Texas, L.P. assumed the lease obligations of NextStage and became the lessee and operator of the Performance Hall. The lease between the City and Anschutz Texas, L. P. expires December 31, 2033. 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.

**Stadium Lease** – On December 1, 2020, the City entered into a fifteen-year lease agreement with MLC Dallas Stadium Co., LLC (the Tenant) for their use of the City-owned baseball stadium. The Tenant has unlimited use of the Stadium to hold sporting and entertainment events. MLC Dallas Stadium Co., LLC pays the City, in advance, a monthly lease payment of \$20,000, which includes \$10,000 in construction rent applicable to only the first eighty months of the agreement. In addition to rent, the tenant pays 5% of their gross revenues from the immediately preceding six-month period in January and July 15th of each year. The Tenant is responsible for all utility services, maintenance of the building, landscaping, irrigation, art, and playgrounds, and maintenance and repair reserve fund. The City is obligated to deposit \$200,000 to this reserve fund to benefit the Stadium every five years.

#### Construction Commitments

The City has several approved major capital projects as of September 30, 2025. The City's total committed but unexpended expenditures for such authorized capital projects at year-end approximates \$58,932,968. Funding for these contracts will be received through various capital project funds and enterprise funds.

**N. Tax Abatements and Economic Incentive Agreements**

The City has incentive agreements with companies that may refund or rebate certain taxes based on performance indicators. These agreements are governed by Chapter 312 of the Texas Local Government Code. Recipients may be eligible based on their impact on the City's economy, as usually measured by job creation. Agreements may also contain recapture or 'clawback' provisions in the event of non-performance of the agreed standards. The City's Management Services division reviews the performance of the companies under these agreements for their compliance with stated standards. The City has no current or future tax abatements.

**O. Segment Information for Enterprise Funds**

The City maintains five enterprise funds – water and wastewater, solid waste, golf, airport, and storm water utility activities. At September 30, 2025, the Municipal Airport Fund had outstanding revenue-backed certificates of obligations. Segment information for this Fund is as follows:

|                                                     | Municipal<br>Airport        |
|-----------------------------------------------------|-----------------------------|
| Condensed statement of net position:                |                             |
| Current assets                                      | \$ 1,542,895                |
| Capital assets                                      | 13,126,609                  |
| Deferred outflows of resources                      | <u>134,009</u>              |
| Total assets and deferred outflows of resources     | 14,803,513                  |
| Current liabilities                                 | 276,739                     |
| Long-term liabilities                               | 337,945                     |
| Deferred inflows of resources                       | <u>91,145</u>               |
| Total liabilities and deferred inflows of resources | 705,829                     |
| Net position: Net investment in capital assets      | 13,124,759                  |
| Net position: Unrestricted                          | <u>972,925</u>              |
| <b>Total net position</b>                           | <u><u>\$ 14,097,684</u></u> |

## City of Grand Prairie, Texas

### Notes to the Basic Financial Statements

September 30, 2025

#### Condensed statement of revenues, expenses and changes in net position:

|                                            |                             |
|--------------------------------------------|-----------------------------|
| Sales to customers                         | \$ 1,845,969                |
| Intergovernmental revenue                  | 203,546                     |
| Miscellaneous                              | <u>814,040</u>              |
| Total operating revenues                   | 2,863,555                   |
| Depreciation                               | 930,444                     |
| Other operating expenses                   | <u>2,582,911</u>            |
| Total operating expenses                   | 3,513,355                   |
| Investment income                          | 46,476                      |
| Gain on property disposition               | 184,999                     |
| Interest expense                           | <u>(38)</u>                 |
| Total nonoperating revenues (expenses)     | <u>231,437</u>              |
| Loss before transfers                      | (418,363)                   |
| Transfers in                               | 422,768                     |
| Transfers out                              | <u>(148,000)</u>            |
| Change in net position                     | (143,595)                   |
| Net position at the beginning of the year  | <u>14,241,279</u>           |
| <b>Net position at the end of the year</b> | <b><u>\$ 14,097,684</u></b> |

#### Condensed statement of cash flows:

|                                                 |                            |
|-------------------------------------------------|----------------------------|
| Net cash provided (used) by:                    |                            |
| Operating activities                            | 219,257                    |
| Noncapital financing activities                 | 274,768                    |
| Capital and related financing activities        | (1,109,090)                |
| Investing activities                            | 46,476                     |
| Beginning cash and cash equivalent balances     | <u>1,830,113</u>           |
| <b>Ending cash and cash equivalent balances</b> | <b><u>\$ 1,261,524</u></b> |

## P. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2025 through March 3, 2026 the date the financial statements were available to be issued. During this period, there were no subsequent events requiring disclosure.



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## **Required Supplementary Information**



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# City of Grand Prairie, Texas

## Required Supplementary Information

### Schedule of Revenues, Expenditures and Changes in Fund Balances

#### Budget to Actual – General Fund

For the Year Ended September 30, 2025

|                                                           | <b>Budget</b>        |                      | <b>Actual</b>        | <b>Variance with</b>                        |
|-----------------------------------------------------------|----------------------|----------------------|----------------------|---------------------------------------------|
|                                                           | <b>Original</b>      | <b>Final</b>         | <b>GAAP Basis</b>    | <b>Final Budget-Favorable (Unfavorable)</b> |
| <b>REVENUES</b>                                           |                      |                      |                      |                                             |
| Property tax                                              | \$ 95,764,679        | \$ 95,764,679        | \$ 93,811,420        | \$ (1,953,259)                              |
| Sales tax                                                 | 48,902,858           | 48,902,858           | 49,148,667           | 245,809                                     |
| Other taxes                                               | 571,250              | 571,250              | 679,338              | 108,088                                     |
| Franchise fees                                            | 16,155,085           | 16,155,085           | 15,958,788           | (196,297)                                   |
| Charges for goods and services                            | 7,438,914            | 7,438,914            | 8,410,986            | 972,072                                     |
| Licenses and permits                                      | 3,134,365            | 3,134,365            | 3,608,611            | 474,246                                     |
| Fines and forfeitures                                     | 5,436,060            | 5,436,060            | 6,436,166            | 1,000,106                                   |
| Intergovernmental revenue                                 | 2,680,310            | 2,680,310            | 3,770,569            | 1,090,259                                   |
| General and administrative                                | 6,296,637            | 6,296,637            | 6,296,637            | -                                           |
| Rents and royalties                                       | 480,372              | 480,372              | 386,322              | (94,050)                                    |
| Investment income                                         | 1,099,443            | 1,099,443            | (5,311,109)          | (6,410,552)                                 |
| Contributions                                             | 2,000                | 2,000                | 148,558              | 146,558                                     |
| Other                                                     | 5,016,496            | 5,016,496            | 5,335,613            | 319,117                                     |
| Total revenues                                            | 192,978,469          | 192,978,469          | 188,680,566          | (4,297,903)                                 |
| <b>EXPENDITURES</b>                                       |                      |                      |                      |                                             |
| Support services                                          | 46,025,610           | 46,025,610           | 40,770,410           | 5,255,200                                   |
| Public safety services                                    | 116,779,396          | 116,779,396          | 114,083,289          | 2,696,107                                   |
| Recreation and leisure services                           | 3,931,414            | 3,931,414            | 3,784,023            | 147,391                                     |
| Development and other services                            | 18,366,783           | 18,366,783           | 17,224,968           | 1,141,815                                   |
| Capital outlay                                            | 554,960              | 554,960              | 2,135,986            | (1,581,026)                                 |
| Debt service:                                             |                      |                      |                      |                                             |
| Principal payments                                        | 1,497,968            | 1,497,968            | 1,261,458            | 236,510                                     |
| Interest expense                                          | -                    | -                    | 47,043               | (47,043)                                    |
| Total expenditures                                        | 187,156,131          | 187,156,131          | 179,307,177          | 7,848,954                                   |
| Excess (deficiency) of revenues over (under) expenditures | 5,822,338            | 5,822,338            | 9,373,389            | 3,551,051                                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                      |                      |                      |                                             |
| Transfers in                                              | 135,000              | 135,000              | 265,799              | 130,799                                     |
| Transfers out                                             | (10,029,914)         | (10,029,914)         | (9,790,154)          | 239,760                                     |
| Issuance of debt- leases and SBITAs                       | -                    | -                    | 1,442,313            | 1,442,313                                   |
| Proceeds from sale of capital assets                      | 1,503,000            | 1,503,000            | 2,586,917            | 1,083,917                                   |
| Total other financing sources (uses)                      | (8,391,914)          | (8,391,914)          | (5,495,125)          | 2,896,789                                   |
| Net change in fund balances                               | (2,569,576)          | (2,569,576)          | 3,878,264            | 6,447,840                                   |
| Fund balance - beginning of year                          | 76,134,182           | 76,134,182           | 76,134,182           | -                                           |
| <b>Fund balances - end of year</b>                        | <b>\$ 73,564,606</b> | <b>\$ 73,564,606</b> | <b>\$ 80,012,446</b> | <b>\$ 6,447,840</b>                         |

# City of Grand Prairie, Texas

## Required Supplementary Information

### Schedule of Revenues, Expenditures and Changes in Fund Balances

#### Budget To Actual – Section 8 Fund

For the Year Ended September 30, 2025

|                                                           | Budget              |                     | Actual              | Variance with                        |
|-----------------------------------------------------------|---------------------|---------------------|---------------------|--------------------------------------|
|                                                           | Original            | Final               | GAAP Basis          | Final Budget-Favorable (Unfavorable) |
| <b>REVENUES</b>                                           |                     |                     |                     |                                      |
| Charges for goods and service                             | \$ 9,962,026        | \$ 9,962,026        | \$ 12,360,713       | \$ 2,398,687                         |
| Licenses and permits                                      | 442,000             | 442,000             | 2,555               | (439,445)                            |
| Intergovernmental                                         | 3,290,620           | 3,290,620           | 54,051,416          | 50,760,796                           |
| Interest Income                                           | -                   | -                   | 73,293              | 73,293                               |
| Other                                                     | 40,000              | 40,000              | 96,888              | 56,888                               |
| Total revenues                                            | 13,734,646          | 13,734,646          | 66,584,865          | 52,850,219                           |
| <b>EXPENDITURES</b>                                       |                     |                     |                     |                                      |
| Development services and other                            | 13,794,741          | 13,794,741          | 66,062,734          | (52,267,993)                         |
| Capital outlay                                            | -                   | 110,070             | 7,542               | 102,528                              |
| Debt service:                                             |                     |                     |                     |                                      |
| Principal retirement                                      | 10,500              | 10,500              | 5,085               | 5,415                                |
| Interest and other charges                                | -                   | -                   | 351                 | (351)                                |
| Total expenditures                                        | 13,805,241          | 13,915,311          | 66,075,712          | (52,160,401)                         |
| Excess (deficiency) of revenues over (under) expenditures | (70,595)            | (180,665)           | 509,153             | 689,818                              |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                     |                     |                     |                                      |
| Issuance of debt- leases and SBITAs                       | -                   | -                   | 7,542               | 7,542                                |
| Proceeds from the sale of assets                          | -                   | -                   | 6,762               | 6,762                                |
| Total other financing sources (uses)                      | -                   | -                   | 14,304              | 14,304                               |
| Net change in fund balances                               | (70,595)            | (180,665)           | 523,457             | 704,122                              |
| Fund balance - beginning of year                          | 2,512,280           | 2,512,280           | 2,512,280           | -                                    |
| <b>Fund balances - end of year</b>                        | <b>\$ 2,441,685</b> | <b>\$ 2,331,615</b> | <b>\$ 3,035,737</b> | <b>\$ 704,122</b>                    |

# City of Grand Prairie, Texas

## Required Supplementary Information Schedule of Changes in Postemployment Benefits – Retiree Health Plan Last Eight Years

|                                                                     | Year Ended<br>September 30,<br>2025 | Year Ended<br>September 30,<br>2024 | Year Ended<br>September 30,<br>2023 | Year Ended<br>September 30,<br>2022 | Year Ended<br>September 30,<br>2021 | Year Ended<br>September 30,<br>2020 | Year Ended<br>September 30,<br>2019 | Year Ended<br>September 30,<br>2018 |
|---------------------------------------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Total OPEB liability                                                |                                     |                                     |                                     |                                     |                                     |                                     |                                     |                                     |
| Service cost                                                        | \$ 4,688,557                        | \$ 3,359,319                        | \$ 3,245,719                        | \$ 4,499,145                        | \$ 4,393,270                        | \$ 2,196,598                        | \$ 2,115,572                        | \$ 2,173,026                        |
| Interest                                                            | 2,437,874                           | 2,641,470                           | 2,485,088                           | 1,655,278                           | 1,578,726                           | 2,214,000                           | 2,162,740                           | 2,210,196                           |
| Difference between expected and actual experience                   | 12,098,051                          | (96,983)                            | -                                   | (9,740,425)                         | -                                   | (1,525,154)                         | -                                   | (3,213,084)                         |
| Change in assumptions                                               | (6,656,273)                         | (1,434,793)                         | -                                   | (5,338,583)                         | -                                   | 3,977,244                           | -                                   | (1,962,733)                         |
| Benefit payments                                                    | <u>(2,345,252)</u>                  | <u>(1,814,679)</u>                  | <u>(2,765,867)</u>                  | <u>(2,115,265)</u>                  | <u>(2,859,417)</u>                  | <u>(1,502,382)</u>                  | <u>(2,895,397)</u>                  | <u>(2,566,843)</u>                  |
| Net changes                                                         | 10,222,957                          | 2,654,334                           | 2,964,940                           | (11,039,850)                        | 3,112,579                           | 5,360,306                           | 1,382,915                           | (3,359,438)                         |
| Total OPEB liability - beginning                                    | <u>60,235,760</u>                   | <u>57,581,426</u>                   | <u>54,616,486</u>                   | <u>65,656,336</u>                   | <u>62,543,757</u>                   | <u>57,183,451</u>                   | <u>55,800,536</u>                   | <u>59,159,975</u>                   |
| Total OPEB liability - ending                                       | <u>\$ 70,458,717</u>                | <u>\$ 60,235,760</u>                | <u>\$ 57,581,426</u>                | <u>\$ 54,616,486</u>                | <u>\$ 65,656,336</u>                | <u>\$ 62,543,757</u>                | <u>\$ 57,183,451</u>                | <u>\$ 55,800,537</u>                |
| Covered-employee payroll                                            | <u>\$ 126,873,955</u>               | <u>\$ 120,310,674</u>               | <u>\$ 111,664,264</u>               | <u>\$ 100,109,281</u>               | <u>\$ 95,252,838</u>                | <u>\$ 93,333,982</u>                | <u>\$ 88,677,027</u>                | <u>\$ 82,283,716</u>                |
| Total OPEB liability as a percentage<br>of covered-employee payroll | 55.53%                              | 50.07%                              | 51.57%                              | 54.56%                              | 68.93%                              | 67.01%                              | 64.49%                              | 67.81%                              |

### Notes to schedule:

Valuation Date: December 31, 2024  
Measurement Date: September 30, 2025

### Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method

Inflation

Salary Increases

Discount Rate

Retirees' share of benefit-related cost

Mortality rates - retirees

Entry Age Normal

2.50%

3.60 % to 11.85%, including inflation

4.90%

\$0

For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.

### Note:

The City implemented GASB 75 in FY 2018; therefore, the required information for this schedule will be built over the next two years.

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the above OPEB plan.

# City of Grand Prairie, Texas

## Required Supplementary Information Schedule of Changes in Postemployment Benefits – Texas Municipal Retirement System Last Seven Years

|                                                                     | Measurement Period<br>December 31, 2024 | Measurement Period<br>December 31, 2023 | Measurement Period<br>December 31, 2022 | Measurement Period<br>December 31, 2021 | Measurement Period<br>December 31, 2020 | Measurement Period<br>December 31, 2019 | Measurement Period<br>December 31, 2018 |
|---------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|
| Total OPEB liability                                                |                                         |                                         |                                         |                                         |                                         |                                         |                                         |
| Service cost                                                        | \$ 177,756                              | \$ 151,584                              | \$ 281,231                              | \$ 254,608                              | \$ 191,195                              | \$ 147,917                              | \$ 149,994                              |
| Interest                                                            | 164,272                                 | 159,185                                 | 106,467                                 | 107,145                                 | 123,620                                 | 158,603                                 | 122,449                                 |
| Difference between expected and actual experience                   | (48,899)                                | 48,260                                  | (116,336)                               | (220)                                   | (93,363)                                | (760,883)                               | 600,432                                 |
| Change in assumptions                                               | (220,700)                               | 212,570                                 | (1,924,610)                             | 174,360                                 | 687,282                                 | 692,831                                 | (257,696)                               |
| Benefit payments                                                    | (164,082)                               | (151,584)                               | (123,742)                               | (116,695)                               | (40,253)                                | (39,444)                                | (37,499)                                |
| Net changes                                                         | (91,653)                                | 420,015                                 | (1,776,990)                             | 419,198                                 | 868,481                                 | 199,024                                 | 577,680                                 |
| Total OPEB liability - beginning                                    | 4,350,512                               | 3,930,497                               | 5,707,487                               | 5,288,289                               | 4,419,808                               | 4,220,784                               | 3,643,104                               |
| <b>Total OPEB liability - ending</b>                                | <b>\$ 4,258,859</b>                     | <b>\$ 4,350,512</b>                     | <b>\$ 3,930,497</b>                     | <b>\$ 5,707,487</b>                     | <b>\$ 5,288,289</b>                     | <b>\$ 4,419,808</b>                     | <b>\$ 4,220,784</b>                     |
| Covered-employee payroll                                            | \$ 136,735,063                          | \$ 126,319,860                          | \$ 112,492,320                          | \$ 106,086,747                          | \$ 100,628,856                          | \$ 98,611,365                           | \$ 93,746,412                           |
| Total OPEB liability as a percentage<br>of covered-employee payroll | 3.11%                                   | 3.44%                                   | 3.49%                                   | 5.38%                                   | 5.26%                                   | 4.48%                                   | 4.50%                                   |

### Notes to schedule:

Valuation Date: December 31, 2024

Methods and Assumptions Used to Determine Contribution Rates:

|                                         |                                      |
|-----------------------------------------|--------------------------------------|
| Inflation                               | 2.50%                                |
| Salary Increases                        | 3.60% to 11.85%, including inflation |
| Discount Rate                           | 4.08%                                |
| Retirees' share of benefit-related cost | \$0                                  |
| Administrative expenses                 |                                      |

Mortality rates - service retirees

Mortality rates - disabled retirees

All administrative expenses are paid through the Pension Trust and accounted for under-reporting requirements under GASB Statement No. 68. 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

### Note:

The City implemented GASB 75 in FY 2018; therefore, the required information for this schedule will be built over the next three years.

There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the above OPEB plan.

# City of Grand Prairie, Texas

## Required Supplementary Information Schedule of Contributions – Texas Municipal Retirement System Last Ten Years

|                                                                      | 2016          | 2017          | 2018          | 2019          | 2020           | 2021           | 2022           | 2023           | 2024           | 2025           |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contributions                                 | \$ 12,870,593 | \$ 14,209,636 | \$ 14,427,366 | \$ 15,114,190 | \$ 16,638,630  | \$ 16,938,302  | \$ 18,294,897  | \$ 86,471,914  | \$ 22,049,856  | \$ 16,734,271  |
| Contributions in relation to the actuarially determined contribution | (12,870,593)  | (14,209,636)  | (14,427,366)  | (15,114,190)  | (16,638,630)   | (16,938,302)   | (18,294,897)   | (86,471,914)   | (22,049,856)   | (16,734,271)   |
| Contribution deficiency (excess)                                     | \$ -          | \$ -          | \$ -          | \$ -          | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           | \$ -           |
| Covered payroll                                                      | \$ 79,933,264 | \$ 87,729,762 | \$ 92,501,160 | \$ 97,088,542 | \$ 101,022,198 | \$ 103,708,360 | \$ 114,088,711 | \$ 123,496,761 | \$ 136,019,527 | \$ 139,963,721 |
| Contributions as a percentage of covered payroll                     | 16.10%        | 16.20%        | 15.60%        | 15.57%        | 16.47%         | 16.33%         | 16.04%         | 70.02%         | 16.21%         | 11.96%         |

### Notes to the Schedule of Contributions

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen months later.

Methods and assumptions used to determine contribution rates:

|                               |                                                                                                                                                                                                                                                                                                                                                           |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method         | Entry Age Normal                                                                                                                                                                                                                                                                                                                                          |
| Amortization method           | Level Percentage of Payroll, Closed                                                                                                                                                                                                                                                                                                                       |
| Remaining amortization period | 22 years (longest ladder amortization ladder)                                                                                                                                                                                                                                                                                                             |
| Asset valuation method        | 10 Year smoothed market; 12% soft corridor                                                                                                                                                                                                                                                                                                                |
| Inflation                     | 2.5%                                                                                                                                                                                                                                                                                                                                                      |
| Salary increases              | 3.60% to 11.85%, including inflation                                                                                                                                                                                                                                                                                                                      |
| Investment rate of return     | 6.75%                                                                                                                                                                                                                                                                                                                                                     |
| Retirement age                | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.                                                                                                                                                                          |
| Mortality                     | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.<br>Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP. |

### Other information

Notes

There were no benefit changes during the year.

# City Of Grand Prairie, Texas

## Required Supplementary Information

### Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System Last Ten Fiscal Years

|                                                                                      | Measurement<br>Year<br>2015 | Measurement<br>Year<br>2016 | Measurement<br>Year<br>2017 | Measurement<br>Year<br>2018 | Measurement<br>Year<br>2019 | Measurement<br>Year<br>2020 | Measurement<br>Year<br>2021 | Measurement<br>Year<br>2022 | Measurement<br>Year<br>2023 | Measurement<br>Year<br>2024 |
|--------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total pension liability                                                              |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Service Cost                                                                         | \$ 13,141,028               | \$ 14,199,234               | \$ 15,171,279               | \$ 16,602,489               | \$ 17,424,628               | \$ 18,113,194               | \$ 19,169,875               | \$ 20,439,854               | \$ 22,964,951               | \$ 25,815,580               |
| Interest (on the Total Pension Liability)                                            | 32,633,468                  | 33,350,744                  | 35,239,052                  | 37,557,203                  | 39,278,509                  | 41,452,842                  | 43,353,610                  | 46,199,640                  | 49,170,792                  | 52,282,215                  |
| Changes of benefit terms                                                             | -                           | -                           | -                           | 4,761,778                   | -                           | -                           | -                           | -                           | -                           | -                           |
| Difference between expected and actual experience                                    | 1,187,598                   | 565,461                     | 1,775,160                   | (2,432,011)                 | 2,850,261                   | (2,363,879)                 | 9,672,049                   | 8,441,455                   | 10,796,084                  | 11,783,367                  |
| Changes of assumptions                                                               | 596,665                     | -                           | -                           | -                           | 1,142,147                   | -                           | -                           | -                           | (4,416,451)                 | -                           |
| Benefit payments <sup>1</sup>                                                        | (20,907,275)                | (19,483,058)                | (21,770,002)                | (24,869,802)                | (28,406,023)                | (29,248,955)                | (29,893,010)                | (31,441,221)                | (33,211,641)                | (34,479,431)                |
| Net change in total pension liability                                                | 26,651,484                  | 28,632,381                  | 30,415,489                  | 31,619,657                  | 32,289,522                  | 27,953,202                  | 42,302,524                  | 43,639,728                  | 45,303,735                  | 55,401,731                  |
| Total pension liability - beginning                                                  | 470,075,530                 | 496,727,014                 | 525,359,395                 | 555,774,884                 | 587,394,541                 | 619,684,063                 | 647,637,265                 | 689,939,789                 | 733,579,517                 | 778,883,252                 |
| Total pension liability - ending (a)                                                 | 496,727,014                 | 525,359,395                 | 555,774,884                 | 587,394,541                 | 619,684,063                 | 647,637,265                 | 689,939,789                 | 733,579,517                 | 778,883,252                 | 834,284,983                 |
| Plan fiduciary net position                                                          |                             |                             |                             |                             |                             |                             |                             |                             |                             |                             |
| Contributions - employer                                                             | 13,141,016                  | 12,990,875                  | 14,427,366                  | 15,114,190                  | 16,638,630                  | 16,938,302                  | 18,294,897                  | 86,471,914                  | 22,049,856                  | 16,734,271                  |
| Contributions - employee                                                             | 5,596,768                   | 5,806,017                   | 6,292,394                   | 6,565,122                   | 6,905,686                   | 7,047,274                   | 7,432,874                   | 7,890,445                   | 8,896,983                   | 9,639,427                   |
| Net investment income                                                                | 618,807                     | 28,210,612                  | 61,623,079                  | (15,122,712)                | 75,171,025                  | 42,208,241                  | 77,270,134                  | (48,569,473)                | 78,836,258                  | 78,655,787                  |
| Benefit payments <sup>1</sup>                                                        | (20,907,275)                | (19,483,058)                | (21,770,002)                | (24,869,801)                | (28,406,022)                | (29,248,955)                | (29,893,010)                | (31,441,221)                | (33,211,641)                | (34,479,431)                |
| Administrative Expense                                                               | (376,914)                   | (318,599)                   | (319,350)                   | (292,270)                   | (424,746)                   | (273,140)                   | (357,548)                   | (420,384)                   | (500,444)                   | (503,790)                   |
| Other                                                                                | (18,616)                    | (17,165)                    | (16,184)                    | (15,270)                    | (12,758)                    | (10,657)                    | 2,452                       | 501,641                     | (3,499)                     | (11,780)                    |
| Net change in plan fiduciary net position                                            | (1,944,214)                 | 27,188,682                  | 60,237,303                  | (18,620,741)                | 49,871,815                  | 36,661,045                  | 72,749,799                  | 14,432,922                  | 76,047,313                  | 70,034,484                  |
| Plan fiduciary net position - beginning                                              | 419,369,194                 | 417,422,980                 | 444,611,662                 | 504,848,965                 | 486,228,224                 | 556,100,039                 | 592,761,104                 | 665,510,903                 | 679,943,825                 | 756,011,138                 |
| Plan fiduciary net position - ending (b)                                             | 417,422,980                 | 444,611,662                 | 504,848,965                 | 486,228,224                 | 556,100,039                 | 592,761,104                 | 665,510,903                 | 679,943,825                 | 756,011,138                 | 826,045,622                 |
| <b>Net pension liability (a) - (b)</b>                                               | <b>\$ 79,304,034</b>        | <b>\$ 80,747,733</b>        | <b>\$ 50,925,919</b>        | <b>\$ 101,166,317</b>       | <b>\$ 63,584,024</b>        | <b>\$ 54,876,161</b>        | <b>\$ 24,428,886</b>        | <b>\$ 53,635,692</b>        | <b>\$ 22,872,114</b>        | <b>\$ 8,239,361</b>         |
| Plan fiduciary net position as a percentage of the total pension liability (b) / (a) | 84.03%                      | 84.63%                      | 90.84%                      | 82.78%                      | 89.74%                      | 91.53%                      | 96.46%                      | 92.69%                      | 97.06%                      | 99.01%                      |
| Covered payroll                                                                      | \$ 92,501,160               | \$ 82,939,452               | \$ 88,720,932               | \$ 93,746,412               | \$ 98,611,365               | \$ 100,628,856              | \$ 106,086,747              | \$ 112,492,320              | \$ 126,319,860              | \$ 136,735,063              |
| Net pension liability as a percentage of covered payroll                             | 85.73%                      | 97.36%                      | 57.40%                      | 107.91%                     | 64.48%                      | 54.53%                      | 23.03%                      | 47.68%                      | 18.11%                      | 6.03%                       |

As of December 31

<sup>1</sup> Amounts reported include refunds of employee contributions.

**Note:** There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the above pension plan.

## **City Of Grand Prairie, Texas**

### **Required Supplementary Information**

#### **Notes to the Required Supplementary Information**

##### **A. Budget Law and Practice**

Annual budgets are adopted on a basis that is consistent with accounting principles generally accepted in the United States. The City uses the modified accrual basis of accounting and the current financial resources measurement focus for all adopted budgets. Encumbered appropriations are carried forward to the next fiscal year and become part of the new fiscal year's appropriations, while unencumbered appropriations lapse at fiscal year-end. Appropriations for certain special revenue funds and capital project funds are controlled on a project basis and are carried forward each year until the project is completed or the grant receipts are expended.

The City's five-year capital projects plan is updated and approved annually during the budget process. The City Council approves annual appropriations and funding sources.

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

##### **B. Budgetary Control**

The legal level of budgetary control is at the fund level for all governmental and enterprise funds. The City Manager is authorized to amend budgeted appropriations between line items, categories, and departments within the same fund as long as total appropriations for the fund do not change. Any amendments that change total appropriations at the fund level must be approved by the City Council.

**APPENDIX C**

FORM OF BOND COUNSEL'S OPINION

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[CLOSING DATE]

IN REGARD to the authorization and issuance of the “City of Grand Prairie, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2026,” dated September 1, 2026, in the principal amount of \$[ ] (the “Certificates”), we have examined into their issuance by the City of Grand Prairie, Texas (the “City”), solely to express legal opinions as to the validity of the Certificates and the exclusion of the interest on the Certificates from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Certificates, or the sufficiency of the security for or the value or marketability of the Certificates.

THE CERTIFICATES are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Certificates mature on February 15 in each of the years specified in a pricing certificate (the “Pricing Certificate”) executed pursuant to an ordinance adopted by the City Council of the City authorizing the issuance of the Certificates (the “Certificate Ordinance” and, jointly with the Pricing Certificate, the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Certificates. The Certificates accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Certificates, including the Ordinance and an examination of the initial Certificate executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Certificates and certain other funds of the City; and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Certificates, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

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

1. The Certificates have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City, payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, and are additionally payable from and secured by a limited pledge of the Net Revenues (as defined in the Ordinance) of the City’s combined water and wastewater system in the manner and to the extent provided in the Ordinance, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization,

moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Certificates for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

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

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

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