

**CITY OF CEDAR HILL, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2011**

Prepared by the  
CITY OF CEDAR HILL  
FINANCE DEPARTMENT  
Hardy Browder, Director

Kim Johnson, Accounting Manager

**CITY COUNCIL**

Robert K. Franke, Mayor

Daniel C. Haydin Jr., Mayor Pro Tem  
Cory Spillman, Council Member  
Wallace Swayze, Council Member

Chris Parvin, Council Member  
Stephen Mason, Council Member  
Clifford R. Shaw, Council Member

**CITY MANAGER**

Alan E. Sims



**City of Cedar Hill  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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## **INTRODUCTORY SECTION**





City of Cedar Hill  
Finance Department  
285 Uptown Boulevard  
Building 100  
972-291-5100  
Fax 972-291-5110

April 30, 2012

***To the Honorable Mayor and City Council  
City of Cedar Hill, Texas***

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Hill (the "City") for the fiscal year ended September 30, 2011. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. To enable the reader to gain an understanding of the City's financial activities, all necessary disclosures have been included.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America established by the Governmental Accounting Standards Board (GASB). The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal officials and the Government Finance Officer Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2010 report. The financial section includes the management's discussion and analysis (MD&A), the government-wide and fund financial statements, notes to basic financial statements, required supplemental information, other supplemental information, as well as the independent auditor's report on the basic financial statements. The statistical section includes selected financial and demographic information which is presented on a multi-year basis.

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

#### **THE REPORTING ENTITY**

The City of Cedar Hill was incorporated in 1938 under the general laws of the State of Texas. The City operates under a council-manager form of government. The City provides a full range of municipal services authorized by statute or charter. These services include police and fire protection, water and wastewater services, the construction and maintenance of streets, infrastructure and other related facilities, code enforcement, building inspection, parks and recreation, library, public improvements, planning and zoning, economic development, and general administrative services.

The accompanying CAFR includes all funds of the City. This report includes all government activities, organizations and functions for which the City is financially accountable. The criteria used in determining activities to be reported within the City's basic financial statements are based upon and consistent with those set forth by the GASB. Based upon these criteria, the Community Development Corporation (CDC) and the Economic Development Corporation (EDC) are included as discretely presented component units.

## THE CITY OF CEDAR HILL

Cedar Hill, the oldest organized community in Dallas County, has grown from a small rural town of 6,850 in 1980 to a suburban city with approximately 45,360 in 2011. The City of Cedar Hill is located on U.S. Highway 67, in the southwest quadrant of Dallas County and a small portion of northern Ellis County. The City covers an area of 36 square miles and is approximately 18 miles from downtown Dallas. With easy access to I-20 and I-35 from U.S. Highway 67, Cedar Hill is home to many residents who commute to and from employment in the Dallas-Fort Worth (DFW) metropolitan area. One of the City's most visited attractions, Joe Pool Lake, offers 7,500 acres of water for fishing, sailing and waterskiing, drawing visitors from all over the United States. Adjoining Joe Pool Lake is Cedar Hill State Park, which offers more than 1,800 acres of parkland and is one of the most visited state parks in Texas. Cedar Hill also has 31 City parks on approximately 707 acres of parkland. Park facilities include a recreation center, a senior center, softball fields, baseball fields, soccer fields, tennis courts, a municipal swimming pool, football fields, playground equipment, picnic pavilions, basketball courts, an amphitheater, fishing ponds, paved trails and nature preserves. This variety of amenities is an asset to our community and a point of character and identity, adding to the charm of Cedar Hill. The inclusion of neighborhood parks and the preservation of green space will remain a priority as the City expands.

## ECONOMIC CONDITION AND OUTLOOK

Optimism is the best way to describe the overall feeling in commercial real estate in the Metroplex. From meetings focused on multifamily to those focused on industrial development, the tone is positive. Cedar Hill is no exception to the increasingly positive business climate and continuing recovery. A classic example is the Cedar Hill Business Park on Mt. Lebanon Road. In the last 12 months, four lots have sold, PepWear is occupying their building, KRK is nearing finished construction, Highway Intelligent Traffic Systems has completed the approval process, and Martin-Siddons has submitted plans; all new investment and new jobs for the City. In 2011, there were 105 commercial certificates of occupancy awarded in Cedar Hill and there were 404 building permits issued with a total valuation of \$22,611,850.

The retail market remains strong in Cedar Hill. Uptown Village at Cedar Hill continues to add stores and improve sales. One estimate is that up to 80% of the sales are from customers who reside outside of Cedar Hill. The other centers are performing well also. Toys R Us/Babies R Us is now open and DSW Shoe Warehouse is in the process of coming into the Plaza Center. Across FM1382, Akita Hibachi Sushi and JC Penney Foundry are some of the newer additions. B&B Bicycles moved to the Kroger Center due to additional space needed for their thriving business.

The office sector continues to improve. In 2007, a 25,000 square foot building by Methodist Health Group opened, and in 2008 a 12,000 square foot office building anchored by Baylor Health Group opened. The Baylor office building is now fully occupied with Baylor Imaging and Children's Medical offices as well as Baylor offices. In 2009, Sandler Southwest completed construction of a 70,000 square foot Class A office building, 610 Uptown Blvd. The newest tenant at 610 is Strayer University, occupying the 3<sup>rd</sup> floor. Medical office continues to thrive with the newest addition of the ophthalmology group, EyeCare Associates, enlarging and finishing out a vacant space at 634 Uptown Blvd. This one office alone employs five physicians and 30 staff members.

Use of hotel space in the City is continuing to grow and helps to support the City's effort to develop tourism. La Quinta opened a 60-room hotel in 2008, followed by a 70-room Holiday Inn

Express in 2009. The National Audubon Society opened a 250-acre national preserve with interpretive center late summer of 2011 that is anticipated to draw 30,000 visitors per year. This center, in conjunction with Cedar Hill State Park, Cedar Mountain Preserve and other adjacent City and institutional open space, represents one of the largest masses of urban preserve in the region.

The City continues to have a significant presence in the higher education market. Northwood University, a private university offering undergraduate and postgraduate studies, has been located in the city since the 1960's. Northwood University is expanding the dorm and classroom space on campus as well as expanding its educational programs. In the fall of 2009, Northwood began offering an MBA program. In the Fall of 2011, Northwood's new dorm will open. Adding to the education offerings in the City are University of Phoenix in Uptown Village and Strayer University in 610 Uptown Blvd. Cedar Valley College also offers workforce development and continuing education classes in conjunction with the Small Business Development Center at the Cannady location in Cedar Hill.

Opportunity for growth continues to exist, as the city is approximately 50% developed.

The fiscal year 2012 budget was developed based upon a decrease in taxable assessed valuation of 1.58%. The property tax rate was increased to 68.588 cents per \$100 valuation from 67 cents per \$100 valuation to maintain the current service levels provided to citizens. This increase in the property tax rate is projected to generate approximately \$90,000 in additional revenues when compared to fiscal year 2011 budgeted revenues. The budget also included anticipated growth in sales tax of 1.47%. The General Fund budget for fiscal year 2012 increased slightly to include a one-time lump sum payment to City employees due to no salary increases over the last three budget years. The City continues to remain financially strong and stable by adjusting expenditures to available revenues.

The City continues to improve its facilities and street infrastructure. A bond election approving \$60 million for new projects was approved by the voters in September 2003. The City has issued \$51.39 million in debt for new projects since fiscal year 2004, including \$6.59 million in February 2008, and an additional \$7.5 million in October 2008 to fund street projects. The City utilized approximately \$2,600,000 of these funds on street construction during the year. The City continued its facility program. The City issued \$1.6 million in debt in October, 2007 for a jointly funded fire station with the City of Grand Prairie, and \$2 million in debt in February 2008 to fund a new animal shelter jointly funded with the cities of DeSoto and Duncanville. The City spent approximately \$24,000 of funds for facilities this year. The City also issued \$3 million in Water and Sewer Revenue Bonds in October, 2008, for the construction of water and wastewater infrastructure. Approximately \$992,000 was spent this year for water and wastewater infrastructure.

## **FINANCIAL PLANNING AND FISCAL POLICIES**

The City continues to update several master plans to guide the City's long-term growth and financial planning. Significant master planning activity includes: 1) comprehensive land use and thoroughfare plan, 2) a water system master plan, 3) a sewer system master plan, 4) a parks master plan, 5) a library master plan, 6) a transit oriented development-city center plan, and 7) a strategic plan for the Economic Development Corporation.

Utilizing these plans, the City annually updates a five-year capital improvement plan, including the timing and amounts of debt to be issued to fund the plan.

The City also maintains a police department staffing plan and a fire department staffing plan. The City completes a benchmarking survey of budgets, staffing and selected activity measurements of thirteen similar cities as part of the annual budget process. These plans and the survey are used as an aid in determining budget allocations to the various departments and activities of the City.

The City's fiscal management policies require minimum fund balances for numerous funds. Each of the funds with minimum fund balance requirements meets or exceeds these requirements. There were no significant impacts on the current year's operations as a result of the fiscal management policies.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

City management 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. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. 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 internal control evaluations occur within the above framework.

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual budget approved by the City Council. Activities of the general fund, special revenue funds and debt service fund are included in the annual budget. The budget is developed and controlled at the department level although appropriations are set at the fund level, and encumbrances are entered at the time a purchase order is issued. Outstanding encumbrances lapse at fiscal year-end, and the subsequent year's budget must absorb the expenditures when incurred. Separate multi-year budgets are developed for the capital project funds.

## **OTHER INFORMATION**

### ***Independent Audit:***

The City Charter requires an annual audit of the books of account, financial records, and transactions of all administrative departments of the City. The City Charter specifies that such audit be conducted by independent auditors selected by the City Council. Weaver and Tidwell, LLP was selected by the City Council to conduct this year's audit. The independent auditor's report on the basic financial statements is included in the financial section of this report.

### ***Certificate of Achievement:***

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Hill for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2010. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such CAFR must satisfy both GAAP and applicable legal requirements.

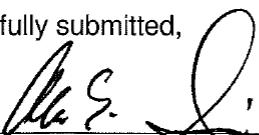
A Certificate of Achievement is valid for a period of one year. The City has received the Certificate of Achievement for twenty-one years consecutively (fiscal years ended 1990 - 2010). We believe our current report continues to conform to the Certificate of Achievement program requirements and are submitting the 2011 CAFR to the GFOA.

***Acknowledgements:***

The preparation of this report could not be accomplished without the efficient and dedicated services of the Administrative Department staff and the Finance Department staff. We would like to express our appreciation to all employees who assisted and contributed to its presentation.

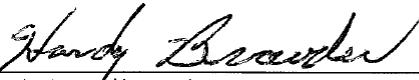
We would also like to thank the members of the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,



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Alan E. Sims, City Manager



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Hardy Browder, Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cedar Hill  
Texas

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

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



*Linda C. Danison*

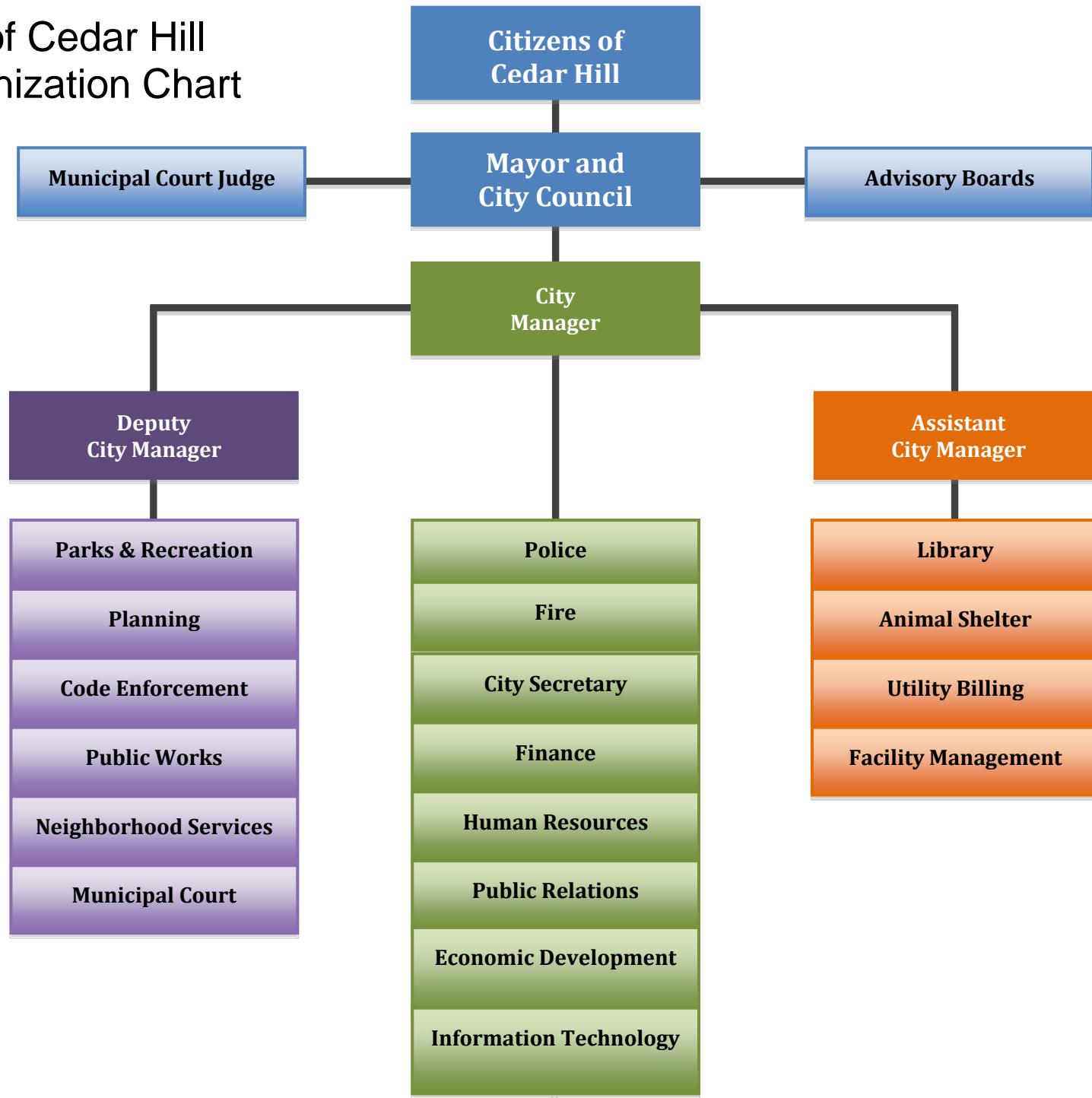
President

*Jeffrey P. Evans*

Executive Director



# City of Cedar Hill Organization Chart



**CITY OF CEDAR HILL**  
**List of Principal Officials**  
**at September 30, 2011**

**Elected Officials**

| <b>Title</b>        | <b>Name</b>          |
|---------------------|----------------------|
| Mayor .....         | Robert K. Franke     |
| Mayor Pro-Tem ..... | Daniel C. Haydin Jr. |
| Councilmember ..... | Cory Spillman        |
| Councilmember ..... | Wallace Swayze       |
| Councilmember ..... | Chris Parvin         |
| Councilmember ..... | Stephen Mason        |
| Councilmember ..... | Clifford R. Shaw     |

**Appointed Officials**

|                                      |                  |
|--------------------------------------|------------------|
| City Manager .....                   | Alan E. Sims     |
| Deputy City Manager .....            | Greg Porter      |
| Assistant City Manager.....          | Melissa Stephens |
|                                      |                  |
| City Secretary .....                 | Lyn Hill         |
| Finance Director .....               | Hardy Browder    |
| Police Chief .....                   | Steve Rhodes     |
| Fire Chief.....                      | John Ballard     |
| Economic Development Director .....  | Allison Thompson |
| Building Official.....               | Johnny Kendro    |
| Library Director.....                | Vacant           |
| Parks & Recreation Director .....    | Rhoda Savage     |
| Planning Director.....               | Rod Tyler        |
| Public Works Director .....          | Elias Sassoon    |
| Information Technology Manager ..... | Earl Shipman     |
| Tri-City Animal Shelter Manager..... | Alissa Prelis    |
| Municipal Court Judge.....           | Michael Petty    |

## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Members of the City Council  
City of Cedar Hill, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill (the City) as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administration. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2011, and the respective changes in financial position and the cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the basic financial statements, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis (on pages 3 through 13) and the Texas Municipal Retirement System Analysis of Funding Progress, Reserve Police Department Plan - Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund and Budgetary Comparison Schedule-Joe Pool Fund (on pages 62 thru 67) are not a required

City of Cedar Hill, Texas

Page 2

part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Cedar Hill's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining, individual non-major fund financial statements and the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
April 30, 2012

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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The City of Cedar Hill offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the introductory section and the financial reports that follow in this section.

## **FINANCIAL HIGHLIGHTS**

- The assets of the City of Cedar Hill exceeded its liabilities at the close of the fiscal year ended September 30, 2011, by \$151,406,236 (net assets). Of this amount, \$19,858,940 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City of Cedar Hill's total net assets increased by \$544,032.
- As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$79,729,660. \$72,483,925 of this fund balance is subject to various commitments such as construction projects. Approximately 9% of this amount, or \$7,245,735, is unassigned and available for use within the City's designation and policies.
- At the end of the fiscal year on September 30, 2011, unassigned fund balance for the general fund was \$7,245,735, or 25%, of the total general fund expenditures. The fund balance of the general fund decreased \$463,240. The anticipated use of fund balance was lower than expected.
- The Joe Pool Fund's fund balance increased by \$5,882,950, resulting from transfers from the Water and Sewer Fund of \$1,800,000 and General Fund of \$50,000 and interest earnings on investments of \$4,032,950. This fund is dedicated to accumulating resources to retire the amount due for the City's share of the water rights to Joe Pool Lake.
- The City issued the following debt during the fiscal year: \$14,630,000 in General Obligation Refunding Bonds to refund the General Obligation Bond Series 2002, the Certificates of Obligation Bonds Series 2003 and the Certificates of Obligation Bonds Series 2003A. The refund was undertaken to reduce total debt service payments by \$963,571 that will result in an economic gain of \$705,498.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Cedar Hill's basic financial statements. The City of Cedar Hill'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 other supplementary information in addition to the basic financial statements themselves.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**Government-Wide Financial Statements**—The government-wide financial statements are intended to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The main goal is to ascertain whether the City of Cedar Hill is in a better financial position at the end of the current fiscal year compared to the previous year. The government-wide financial statements report information about the City as a whole and about its activities in a way that helps to determine this relative position. Other non-financial factors should also be taken into consideration to assess the overall health or financial condition of the City. Examples include but are not limited to changes in the City's property tax base, sales tax receipts and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc.).

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. The statement combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave). Both of the government-wide financial statements are prepared utilizing the accrual basis of accounting.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from the functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include most of the City's basic services such as police, fire, code compliance, parks and recreation, community services, library, and public works. The business-type activities of the City include water, sewer, and solid waste services.

The government-wide financial statements include not only the City itself (primary government) but also the Community Development Corporation (CDC) and the Economic Development Corporation (EDC), which are component units. These component units are legal, separate entities for which the City is financially accountable.

The government-wide financial statements can be found on pages 14-16 of this report.

**Fund Financial Statements**—A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be classified into three categories: governmental funds, proprietary funds and fiduciary funds.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**Governmental Funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. By comparing information presented for governmental funds with the governmental activities in the government-wide statements, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds' balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide a reconciliation to facilitate the comparison between the governmental funds and the governmental activities.

The City maintains twenty-one governmental funds. Information is presented separately for the City's major funds in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Debt Service Fund, Joe Pool Fund, General Obligation Bond Fund and Capital Recovery Fund, which are considered major funds. Data from the remaining sixteen funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements and are presented elsewhere in this report.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

**Proprietary Funds**—The City of Cedar Hill maintains two types of proprietary funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide statements. The City uses an enterprise fund to account for its water and sewer activities. The internal service fund is utilized to report activities that provide supplies and services among the City's various functions and activities. The City uses its internal service fund to account for equipment purchased and leased to governmental funds and component units. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds statements provide the same type of information found in the business-type activities in the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

**Fiduciary Funds**—The City has one fiduciary fund, pension trust fund. This fund is used to account for police reserve pension benefits.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**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. The notes to the financial statements can be found on pages 29-61 of this report.

**Other Information**—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information of the City's budget to actual variance and schedules of funding progress for retirement plans. Required supplemental information can be found on pages 62-67 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and budget to actual variance schedules for non-major governmental funds is presented following the required supplemental information. These combining and individual statements and schedules can be found on pages 68-86 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, the net assets may serve as a useful indicator of a government's financial position. The City of Cedar Hill's net assets exceeded liabilities by \$151,406,236 as of September 30, 2011 as shown in the table below.

**Condensed Statement of Net Assets**

**At September 30, 2011 and 2010**

|  | <b>Governmental Activities</b> |               | <b>Business-Type Activities</b> |               | <b>Total</b>   |                |
|--|--------------------------------|---------------|---------------------------------|---------------|----------------|----------------|
|  | <b>FY2011</b>                  | <b>FY2010</b> | <b>FY2011</b>                   | <b>FY2010</b> | <b>FY2011</b>  | <b>FY2010</b>  |
| Current and other assets                       | \$ 87,477,439                  | \$ 86,377,302 | \$ 15,640,512                   | \$ 15,507,665 | \$ 103,117,951 | \$ 101,884,967 |
| Capital assets                                 | 164,972,511                    | 166,626,715   | 50,555,571                      | 52,069,046    | 215,528,082    | 218,695,761    |
| Total assets                                   | 252,449,950                    | 253,004,017   | 66,196,083                      | 67,576,711    | 318,646,033    | 320,580,728    |
| Noncurrent liabilities                         | 151,245,659                    | 152,027,607   | 12,153,846                      | 12,837,490    | 163,399,505    | 164,865,097    |
| Other liabilities                              | 2,511,062                      | 3,769,308     | 1,329,230                       | 1,084,119     | 3,840,292      | 4,853,427      |
| Total liabilities                              | 153,756,721                    | 155,796,915   | 13,483,076                      | 13,921,609    | 167,239,797    | 169,718,524    |
| Net assets:                                    |                                |               |                                 |               |                |                |
| Invested in capital assets—net of related debt | 72,596,207                     | 72,409,924    | 45,512,376                      | 46,312,862    | 118,108,583    | 118,722,786    |
| Restricted                                     | 9,928,422                      | 12,232,354    | 3,510,291                       | 3,390,278     | 13,438,713     | 15,622,632     |
| Unrestricted                                   | 16,168,600                     | 12,564,824    | 3,690,340                       | 3,951,962     | 19,858,940     | 16,516,786     |
| Total net assets                               | \$ 98,693,229                  | \$ 97,207,102 | \$ 52,713,007                   | \$ 53,655,102 | \$ 151,406,236 | \$ 150,862,204 |

The largest portion of the City's net assets (78%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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An additional portion of the City's net assets (9%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets (13%) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net assets of the City increased \$544,032, or 0.4%, in fiscal year 2011. Total net assets of governmental activities increased by \$1,486,127 or 1.5%. The overall change in net assets of governmental activities can be explained by evaluating the changes in governmental funds and then evaluating the conversion of the governmental funds from the modified accrual basis of accounting to the accrual basis of accounting used in governmental activities. Financial resources of governmental funds increased by \$2,470,771. This increase is the result of the changes in fund balance of the following funds: the General Fund declined \$463,240, the Debt Service Fund declined \$123,740, the Joe Pool Fund increased \$5,882,950, the General Obligation Bond Fund declined \$1,112,842, the Capital Recovery Fund declined \$750,684 and the nonmajor funds declined \$961,673. The declines in fund balance of the General and Debt Service Funds were budgeted declines. The Joe Pool Fund is accumulating the resources to retire the Joe Pool Lake water rights liability. The declines in the General Obligation Bond Fund and the nonmajor funds were the expenditure of funds to construct capital assets. The decline in the Capital Recovery Fund was the result of the budgeted transfer to the Debt Service Fund. Capital assets of the government-activity funds declined \$1,654,204 due to depreciation exceeding assets obtained through construction and donation of assets. The liability for the Joe Pool water rights increased \$3,372,611 and changes in other long-term liabilities totaled a decline of \$4,154,559

Total net assets of business-type activities decreased by \$942,095 or 2%. These decreases resulted from lower than expected water sales and sewer charges and declines in capital grants and contributions by developers.

***Analysis of the City's Operations***—The following table provides a summary of the City's operations for the year ended September 30, 2011. The increased in net assets for the governmental activities totaled \$1,486,127. Revenues for these activities increased \$2,494,008. Property tax revenue declined \$26,849 due to lower taxable values and no change in the tax rate. Capital grants and contributions provided by developers also increased \$334,896. General governmental expenses increased \$27,088, public safety expenses declined \$505,497, public works expenses declined \$50,259 and community service expenses declined \$225,975. Investment earnings increased by \$1,128,495 primarily due to improvements in the general market resulting in approximately 2.7 million dollars of unrealized gains in the Joe Pool Fund investments.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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Total net assets of business-type activities decreased by \$942,095 or 2%. These decreases resulted from lower than expected water sales and sewer charges and declines in capital grants and contributions by developers.

**Changes in Net Assets**  
**For the Years Ended September 30, 2011 and 2010**

|  | Governmental Activities |                      | Business-Type Activities |                      | Total                 |                       |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|  | FY2011                  | FY2010               | FY2011                   | FY2010               | FY2011                | FY2010                |
| Revenues:  |                         |                      |                          |                      |                       |                       |
| Program revenues:                                    |                         |                      |                          |                      |                       |                       |
| Charges for services                                 | \$ 6,681,657            | \$ 6,803,263         | \$ 16,691,383            | \$ 13,762,041        | \$ 23,373,040         | \$ 20,565,304         |
| Operating grants/contributions                       | 3,112,884               | 2,263,449            | -                        | -                    | 3,112,884             | 2,263,449             |
| Capital grants/contributions                         | 997,587                 | 662,691              | 354,169                  | 523,394              | 1,351,756             | 1,186,085             |
| General revenues:                                    |                         |                      |                          |                      |                       |                       |
| Sales and use taxes                                  | 6,111,207               | 6,132,913            | -                        | -                    | 6,111,207             | 6,132,913             |
| Property taxes                                       | 18,738,588              | 18,765,437           | -                        | -                    | 18,738,588            | 18,765,437            |
| Hotel/motel taxes                                    | 135,676                 | 107,434              | -                        | -                    | 135,676               | 107,434               |
| Franchise taxes                                      | 3,284,583               | 2,945,412            | -                        | -                    | 3,284,583             | 2,945,412             |
| Investment earnings                                  | 4,535,466               | 3,406,971            | 125,261                  | 186,944              | 4,660,727             | 3,593,915             |
| Gain on disposal                                     | 41,859                  | 40,251               | -                        | -                    | 41,859                | 40,251                |
| Miscellaneous  | 629,099                 | 646,777              | 62,077                   | 64,610               | 691,176               | 711,387               |
| Total revenues                                       | <u>44,268,606</u>       | <u>41,774,598</u>    | <u>17,232,890</u>        | <u>14,536,989</u>    | <u>61,501,496</u>     | <u>56,311,587</u>     |
| Expenses:  |                         |                      |                          |                      |                       |                       |
| General government                                   | 4,990,898               | 4,963,810            | -                        | -                    | 4,990,898             | 4,963,810             |
| Public safety  | 19,143,067              | 19,648,564           | -                        | -                    | 19,143,067            | 19,648,564            |
| Public works   | 6,575,290               | 6,625,549            | -                        | -                    | 6,575,290             | 6,625,549             |
| Community services                                   | 6,694,703               | 6,920,678            | -                        | -                    | 6,694,703             | 6,920,678             |
| Water and sewer                                      | -                       | -                    | 16,374,985               | 15,528,663           | 16,374,985            | 15,528,663            |
| Interest and fiscal charges                          | 7,178,521               | 7,230,607            | -                        | -                    | 7,178,521             | 7,230,607             |
| Total expenses                                       | <u>44,582,479</u>       | <u>45,389,208</u>    | <u>16,374,985</u>        | <u>15,528,663</u>    | <u>60,957,464</u>     | <u>60,917,871</u>     |
| Increase and decrease in net assets before transfers | (313,873)               | (3,614,610)          | 857,905                  | (991,674)            | 544,032               | (4,606,284)           |
| Transfers  | <u>1,800,000</u>        | <u>1,800,000</u>     | <u>(1,800,000)</u>       | <u>(1,800,000)</u>   | <u>-</u>              | <u>-</u>              |
| Increase and decrease in net assets                  | <u>1,486,127</u>        | <u>(1,814,610)</u>   | <u>(942,095)</u>         | <u>(2,791,674)</u>   | <u>544,032</u>        | <u>(4,606,284)</u>    |
| Net assets—beginning                                 | <u>97,207,102</u>       | <u>99,021,712</u>    | <u>53,655,102</u>        | <u>56,446,776</u>    | <u>150,862,204</u>    | <u>155,468,488</u>    |
| Net assets—ending                                    | <u>\$ 98,693,229</u>    | <u>\$ 97,207,102</u> | <u>\$ 52,713,007</u>     | <u>\$ 53,655,102</u> | <u>\$ 151,406,236</u> | <u>\$ 150,862,204</u> |

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

**Government 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 financial requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$79,729,660. Approximately 9% or \$7,245,735 of this total amount constitutes unassigned fund balance which is available for any public use. Approximately 37% of the total fund balance or \$29,339,604 represent restricted fund balance and is constrained by creditors, grantors, contributors or laws and regulations. The committed fund balance of \$43,060,318 or 54% of fund balance has self imposed limitations placed on its use by parties with the highest level of decision making within the City (the City Council). The remainder of the fund balance is considered non-spendable to indicate that it is not available for new spending because of its form and includes prepaid expenses and inventory.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
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The General Fund expenditures and transfers exceeded revenues by \$463,240. The City had budgeted a reduction in Fund Balance of \$1,169,745. The expected year-end fund balance would meet the City's policy of 20% of budgeted expenditures. Expenditures were \$777,348 less than anticipated and revenues were above expectations by \$34,602, resulting in a lower than expected use of fund balance. The year-end fund balance totals 25% of actual expenditures, leaving the fund in a better than anticipated position and arriving at the City's goal for fund balance.

The Debt Service Fund's fund balance declined by \$123,740. The adopted budget anticipated a decline of \$145,202 which would have maintained fund balance at the City's policy of 15% of budgeted expenditures. The fund outperformed the budget by \$21,462.

The Joe Pool Fund accounts for the resources accumulated to pay for the City's water rights in Joe Pool Lake as discussed in Note 6. The fund accumulated additional resources of \$5,882,950. \$1,850,000 of the increase was the result of transfers from the Water and Sewer Fund (\$1,800,000) and General Fund (\$50,000) with the remaining \$4,032,950 of investment earnings.

The General Obligation Bond Fund accounts for funds to construct streets and several building renovations. The fund received \$167,125 in investment earnings during the fiscal year and incurred expenditures of \$1,279,967 for capital projects.

The Capital Recovery Fund accounts for the street impact fees. The fund received \$221,580 in fees and \$81,576 in investment earnings during the fiscal year. The fund transferred a net amount of \$1,053,840 to the Debt Service Fund to assist in the payments of debt issued for qualifying street projects.

The fund balances of the nonmajor governmental funds decreased by \$961,673. The primary reason for this decline is the expenditure of bond funds.

**Proprietary Funds**—The City has two proprietary funds, a water and sewer (enterprise) fund and equipment (internal service) fund. The enterprise fund financial statements provide similar information found in the government-wide financial statements but includes more detail. Unrestricted net assets of the enterprise fund were \$3,690,340. The internal service fund accounts for equipment purchased and leased to governmental funds and component units. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**General Fund Budgetary Highlights**—Actual General Fund expenditures totaled \$29,217,282 or \$777,348 less than the \$29,994,630 budget. Expenditures represent 97.4% of the authorized budget. General Fund revenues totaled \$28,804,042 or \$34,602 above budget.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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## **CAPITAL ASSETS**

The City's investment in capital assets for its government-wide activities as of September 30, 2011 amounts to \$215,528,082 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, improvements, construction-in-progress (CIP), water rights, master studies and infrastructure.

Major capital assets events during the current fiscal year include the following:

Completed projects:

- Clark Road Improvements with a total project cost of \$994,318
- FM1382 Street Lights with current year expenditures of \$1,788 and total project cost of \$171,812
- Public Works Building with current year expenditures of \$12,532 and total project cost of \$361,721
- Pleasant Run Road East (Phase A) with current year expenditures of \$473,972

Ongoing projects:

- Lake Ridge Parkway Phase I and II with current year expenditures of \$1,086,111 with \$2,923,120 remaining budgeted for the project
- FM1382 Capacity Improvements current year expenditures total \$128,971 with \$817,636 remaining budgeted for the project
- Street Overlays with current year expenditures of \$652,213 with \$322,677 remaining budgeted for the project
- FM1382/Uptown Intersection Improvements with current year expenditures of \$18,455 with \$250,820 remaining budgeted for the project
- Traffic Management System with current year expenditures of \$295,199 with \$51,375 remaining budgeted for the project; \$306,678 of total project costs funded by Dallas County
- Shady Ridge Court with current year expenditures of \$63,215 with \$30,426 remaining budgeted for the project
- FM1382/Uptown Intersection Improvements with current year expenditures of \$18,455 with \$250,820 remaining budgeted for the project
- Canyon View Court/Hidden Canyon with current year expenditures of \$36,980 with \$16,329 remaining budgeted for the project
- Downtown Streetscape Improvements had no expenditures in current year; prior years' expenditures were \$296,365 with \$14,796 remaining budgeted for project
- Regional Drainage Detention had no expenditures in current year; prior years' expenditures were \$949,255 with \$65,745 remaining budgeted for project
- Concrete Street Repair Program had no expenditures in current year; prior years' expenditures were \$241,375
- Beltline/Mansfield Road Phase 3 had no expenditures in current year; prior years expenditures were \$4,907
- Initiated Knob Hill Court with current year expenditures of \$27,078 with \$27,921 remaining budgeted for the project
- Various water and sewer projects with current year expenditures totaling \$769,972

**CITY OF CEDAR HILL, TEXAS**  
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Capital Assets at September 30, 2011 and 2010  
 Net of Accumulated Depreciation

|                                       | <b>Governmental Activities</b> |                       | <b>Business-Type Activities</b> |                      | <b>Total</b>          |                       |
|---------------------------------------|--------------------------------|-----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
|                                       | <b>FY2011</b>                  | <b>FY2010</b>         | <b>FY2011</b>                   | <b>FY2010</b>        | <b>FY2011</b>         | <b>FY2010</b>         |
| Land                                  | \$ 15,748,398                  | \$ 15,273,755         | \$ 367,764                      | \$ 367,764           | \$ 16,116,162         | \$ 15,641,519         |
| Construction-in-progress (CIP)        | 3,080,884                      | 2,344,148             | 252,694                         | 1,068,550            | 3,333,578             | 3,412,698             |
| Buildings/facilities and improvements | 40,689,701                     | 41,274,974            | 156,796                         | 185,943              | 40,846,497            | 41,460,917            |
| Water system                          | -                              | -                     | 32,380,474                      | 32,668,488           | 32,380,474            | 32,668,488            |
| Sewer system                          | -                              | -                     | 16,837,482                      | 17,257,788           | 16,837,482            | 17,257,788            |
| Equipment                             | 2,555,690                      | 2,594,182             | 554,028                         | 507,847              | 3,109,718             | 3,102,029             |
| Infrastructure                        | 91,436,245                     | 93,178,819            | -                               | -                    | 91,436,245            | 93,178,819            |
| Water rights                          | 11,460,775                     | 11,950,203            | -                               | -                    | 11,460,775            | 11,950,203            |
| Master studies                        | 818                            | 10,634                | 6,333                           | 12,666               | 7,151                 | 23,300                |
| <b>Total</b>                          | <b>\$ 164,972,511</b>          | <b>\$ 166,626,715</b> | <b>\$ 50,555,571</b>            | <b>\$ 52,069,046</b> | <b>\$ 215,528,082</b> | <b>\$ 218,695,761</b> |

Additional information on the City's capital assets can be found in Note 4 to the financial statements.

## DEBT ADMINISTRATION

**Debt**—At the fiscal year-end of September 30, 2011, the City had \$62.667 million in General Obligation Bonds and \$21.670 million in Certificates of Obligations, along with \$9.795 million in Water and Sewer Revenue Bonds outstanding. The general obligation bonds and \$9.700 million of the certificates are pledged by and will be funded by future property tax receipts. The Community Development Corporation has a contractual obligation to provide the funds for debt service for \$0.100 million of the certificates of obligation. The Economic Development Corporation has a contractual obligation to provide the funds for debt service for an additional \$11.870 million of the certificates of obligations although future property tax receipts are the ultimate pledge for repayment of this debt.

The City of Cedar Hill, together with the Cities of Grand Prairie and Duncanville and the Midlothian Water District, executed a contract with the Trinity River Authority of Texas to purchase water conservatory rights from Joe Pool Lake. As of September 30, 2011, the City's 43.21% share of the contract amounted to a \$62,718,212 liability. The City has chosen to defer diverting water from the reservoir. As a result of this decision, the liability will accrue interest at 5.683%. The City has set aside funds since the 1995 fiscal year to pay this obligation. At September 30, 2011, the amount accumulated in the Joe Pool Fund for the retirement of this debt is \$39,186,264. The present plan is to set aside \$1,850,000 each year to allow full payment of the obligation within a maximum of fifty years.

Additional long-term obligations include compensated absences totaling \$3,725,040 for government activities, compensated absences totaling \$308,606 for business-type activities, an OPEB liability of \$201,952, Pension trust liability of \$22,764, a liability to a developer for utility line construction of \$70,481, a \$60,000 set aside as a contingent liability for litigation and \$10,245 of accrued arbitration liability.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**Outstanding Noncurrent liabilities at September 30, 2011 and 2010**

|   | <b>Governmental Activities</b> |                       | <b>Business-Type Activities</b> |                      | <b>Totals</b>         |                       |
|---|--------------------------------|-----------------------|---------------------------------|----------------------|-----------------------|-----------------------|
|   | <b>FY2011</b>                  | <b>FY2010</b>         | <b>FY2011</b>                   | <b>FY2010</b>        | <b>FY2011</b>         | <b>FY2010</b>         |
| General Obligation                      | \$ 62,666,620                  | \$ 56,837,895         | \$ 1,938,380                    | \$ 2,167,105         | \$ 64,605,000         | \$ 59,005,000         |
| Certificate of Obligation               | 21,670,000                     | 31,410,000            | -                               | -                    | 21,670,000            | 31,410,000            |
| Waterworks & Sewer System Revenue       | -                              | -                     | 9,795,000                       | 10,250,000           | 9,795,000             | 10,250,000            |
| Other Obligations                       | 62,718,212                     | 59,345,601            | -                               | -                    | 62,718,212            | 59,345,601            |
| Reacquisition cost of refunded bonds    | (748,061)                      | (234,897)             | (6,068)                         | (7,765)              | (754,129)             | (242,662)             |
| Unamortized premiums and discount (net) | 918,887                        | 785,124               | 47,447                          | 52,665               | 966,334               | 837,789               |
| Compensated absences                    | 3,725,040                      | 3,652,023             | 308,606                         | 287,384              | 4,033,646             | 3,939,407             |
| OPEB                                    | 201,952                        | 148,307               | -                               | -                    | 201,952               | 148,307               |
| Arbitrage                               | 10,245                         | 16,432                | -                               | -                    | 10,245                | 16,432                |
| Police pension liability                | 22,764                         | 7,122                 | -                               | -                    | 22,764                | 7,122                 |
| Other long-term liabilities             | -                              | -                     | 70,481                          | 88,101               | 70,481                | 88,101                |
| Contingent liability for litigation     | 60,000                         | 60,000                | -                               | -                    | 60,000                | 60,000                |
| <b>Total</b>                            | <b>\$ 151,245,659</b>          | <b>\$ 152,027,607</b> | <b>\$ 12,153,846</b>            | <b>\$ 12,837,490</b> | <b>\$ 163,399,505</b> | <b>\$ 164,865,097</b> |

During the fiscal year, the City issued \$14,630,000 of General Obligation Refunding Bonds to refund the General Obligation Bond Series 2002, Certificates of Obligation Bonds Series 2003 and Certificates of Obligation Bonds Series 2003A. The refund was undertaken to reduce total debt service payments by \$963,571 that will result in an economic gain of \$705,498.

**Bond Ratings**— The City bond ratings are presented in the following table:

**Moody's  
Standard & Poor's Investor Services**

|   |     |     |
|---|-----|-----|
| General obligation bonds                      | AA  | Aa2 |
| Certificate of Obligation                     | AA  | Aa2 |
| Waterworks & Sewer System                     | AA- | Aa2 |
| Community Development Corp.—Sales Tax Revenue | A+  | Aa3 |

Additional information on the City's long-term debt can be found in Note 6 to the basic financial statements.

**COMPONENT UNITS**

The City has two component units, each funded by a one-half cent sales tax. The Community Development Corporation (CDC) is a legally separate entity that develops and operates community recreational facilities. The CDC did not develop any new assets during the fiscal year and increased its net assets by \$1,260,383 to \$4,418,190. These net assets will be used in the future to develop additional recreational facilities. The CDC incurred \$2,530,672 in expenses and earned \$732,523 in program revenues, primarily for the operation of Cedar Hill Recreation Center and Valley Ridge Park. The Economic Development Corporation (EDC) is a legally separate entity that promotes (a) existing business enterprise expansion and retention and (b)

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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new business enterprise development and attraction. The EDC increased its net assets by \$1,185,749 to \$9,561,863 during the fiscal year. The corporation incurred \$2,020,360 in expenses during the fiscal year. The EDC made \$1,159,396 of contractually required payments to the City for debt service and incurred approximately \$800,000 in administrative costs.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Development is continuing in the City and the City is continuing to experience modest growth in the commercial and industrial sectors. In the last 12 months, four lots have sold in the Cedar Hill Business Park. PepWear is now occupying their space, KRK is nearing finished construction and two additional tenants have either completed approval process or submitted plans for their spaces in the Business Park. Northwood University completed their dorm construction and is now open to students. Uptown Village continues to add stores and improve sales.

The City experienced its third consecutive decline in taxable values after fourteen consecutive years of increasing valuations.

Taxable values declined approximately \$44 million, or 1.58%. The values of existing properties on the tax roll declined by approximately \$62 million; compared to \$166 million in the previous budget year. This decline was offset by new properties added to the tax roll totaling approximately \$18 million. The City anticipates a flat or declining tax base until the real estate market recovers.

The general fund's largest single revenue source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2012 increased to \$0.68588 cents from \$0.67 per \$100 valuation. The property tax is budgeted to generate \$13,644,000 for the General Fund. This amount represents about 50 percent of all general fund operating revenues. General Fund property tax revenue for Fiscal Year 2012 is projected to increase by \$90,060 or .066% when compared to Fiscal Year 2011 budgeted revenues.

The City's portion of the sales tax rate is two percent, which includes a referendum by voters to have two one-half cent sales taxes for economic development and community development purposes. One percent of the sales tax rate is received by the General Fund. The Economic Development Corporation and the Community Development Corporation each receive one-half of one percent. Sales tax revenue growth for the General Fund for Fiscal Year 2012 is now projected to grow approximately 1.5% to \$6.225 million based on trends over the last twelve months.

Expenditures budgets have been adjusted to reflect the decline in revenues.

**REQUEST FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the Finance Department, City of Cedar Hill, 285 Uptown Blvd., Bldg. 100, Cedar Hill, Texas 75104, or call (972) 291-5100.



## **BASIC FINANCIAL STATEMENTS**



**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2011**

**EXHIBIT A-1**

| ASSETS  | Primary Government      |                      |                          | Component Units     |                                   |
|---|-------------------------|----------------------|--------------------------|---------------------|-----------------------------------|
|   | Governmental Activities |                      | Business-Type Activities | Total               | Community Development Corporation |
|   |                         |                      |                          |                     | Economic Development Corporation  |
| Equity in pooled cash and cash equivalents                                  | \$ 49,510,067           | \$ 2,055,698         | \$ 51,565,765            | \$ 4,396,579        | \$ 6,803,148                      |
| Investments   | 31,982,162              | -                    | 31,982,162               | -                   | 269,363                           |
| Receivables (net of allowances for uncollectible):                          |                         |                      |                          |                     |                                   |
| Taxes   | 1,952,143               | -                    | 1,952,143                | 513,748             | 513,748                           |
| Franchise taxes   | 645,107                 | -                    | 645,107                  | -                   | -                                 |
| Accounts  | -                       | 2,728,192            | 2,728,192                | -                   | -                                 |
| Miscellaneous   | 1,025,693               | -                    | 1,025,693                | -                   | 201,076                           |
| Interest  | 221,865                 | -                    | 221,865                  | -                   | 1,306                             |
| Inventory   | 23,338                  | -                    | 23,338                   | -                   | -                                 |
| Prepaid and other items   | 60,665                  | 7,697                | 68,362                   | 7,774               | 12,686                            |
| Deferred issuance costs   | 1,432,802               | 286,840              | 1,719,642                | 30,255              | -                                 |
| Restricted assets:  |                         |                      |                          |                     |                                   |
| Restricted for debt service:  |                         |                      |                          |                     |                                   |
| Equity in pooled cash and cash equivalents                                  | -                       | 460,454              | 460,454                  | 2,040               | -                                 |
| Investments   | -                       | 986,522              | 986,522                  | 272,980             | -                                 |
| Interest receivable   | -                       | 11,408               | 11,408                   | 3,157               | -                                 |
| Restricted capital recovery fee funds—equity in pooled cash and investments | -                       | 1,542,663            | 1,542,663                | -                   | -                                 |
| Restricted for deposits—equity in pooled cash and investments               | -                       | 429,933              | 429,933                  | -                   | -                                 |
| Restricted pro rata funds—equity in pooled cash and investments             | -                       | 329,060              | 329,060                  | -                   | -                                 |
| Restricted bond proceeds—equity in pooled cash and investments              | -                       | 6,802,045            | 6,802,045                | -                   | -                                 |
| Capital assets:   |                         |                      |                          |                     |                                   |
| Nondepreciable  | 18,829,282              | 620,458              | 19,449,740               | 157,396             | 1,757,544                         |
| Depreciable—net of accumulated depreciation                                 | 146,143,229             | 49,935,113           | 196,078,342              | -                   | 237,389                           |
| Other assets  | 623,597                 | -                    | 623,597                  | -                   | -                                 |
| <b>TOTAL ASSETS</b>   | <b>252,449,950</b>      | <b>66,196,083</b>    | <b>318,646,033</b>       | <b>5,383,929</b>    | <b>9,796,260</b>                  |
| LIABILITIES   |                         |                      |                          |                     |                                   |
| Accounts payable  | 764,067                 | 773,781              | 1,537,848                | 52,002              | 173,665                           |
| Accrued liabilities   | 1,279,088               | 118,707              | 1,397,795                | 46,249              | 12,692                            |
| Unearned revenue  | 27,381                  | -                    | 27,381                   | -                   | -                                 |
| Customer deposits   | -                       | 429,933              | 429,933                  | 15,650              | -                                 |
| Interest payable  | 440,526                 | 6,809                | 447,335                  | 3,351               | -                                 |
| Noncurrent liabilities:   |                         |                      |                          |                     |                                   |
| Due within one year   | 5,654,961               | 847,943              | 6,502,904                | 283,437             | 12,805                            |
| Due in more than one year   | 145,590,698             | 11,305,903           | 156,896,601              | 565,050             | 35,235                            |
| <b>TOTAL LIABILITIES</b>  | <b>153,756,721</b>      | <b>13,483,076</b>    | <b>167,239,797</b>       | <b>965,739</b>      | <b>234,397</b>                    |
| NET ASSETS  |                         |                      |                          |                     |                                   |
| Invested in capital assets—net of related debt                              | 72,596,207              | 45,512,376           | 118,108,583              | (608,285)           | 1,994,933                         |
| Restricted for:   |                         |                      |                          |                     |                                   |
| Debt service  | j                       | 1,967,628            | 1,967,628                | 274,825             | -                                 |
| Construction  | 8,421,318               | 1,542,663            | 9,963,981                | -                   | -                                 |
| Animal shelter  | 23,359                  | -                    | 23,359                   | -                   | -                                 |
| Dispatch center   | 623,597                 | -                    | 623,597                  | -                   | -                                 |
| Other   | 860,148                 | -                    | 860,148                  | -                   | -                                 |
| Unrestricted  | 16,168,600              | 3,690,340            | 19,858,940               | 4,751,650           | 7,566,930                         |
| <b>TOTAL NET ASSETS</b>   | <b>\$ 98,693,229</b>    | <b>\$ 52,713,007</b> | <b>\$ 151,406,236</b>    | <b>\$ 4,418,190</b> | <b>\$ 9,561,863</b>               |

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

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED**  
**SEPTEMBER 30, 2011**

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| Functions/Programs                          | Program Revenues     |                      |                                    |                                  |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
|   | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>PRIMARY GOVERNMENT:</b>                  |                      |                      |                                    |                                  |
| Governmental activities:                    |                      |                      |                                    |                                  |
| General government                          | \$ 4,990,898         | \$ 366,589           | \$ 1,733                           | \$ -                             |
| Public safety                               | 19,143,067           | 3,592,585            | 518,455                            | 61,495                           |
| Public works                                | 6,575,290            | 235,140              | 894,936                            | 837,192                          |
| Community services                          | 6,694,703            | 2,487,343            | 39,098                             | 98,900                           |
| Interest and fiscal charges                 | 7,178,521            | -                    | 1,658,662                          | -                                |
| <b>Total governmental activities</b>        | <b>44,582,479</b>    | <b>6,681,657</b>     | <b>3,112,884</b>                   | <b>997,587</b>                   |
| <b>BUSINESS-TYPE ACTIVITIES:</b>            |                      |                      |                                    |                                  |
| Water and sewer                             | 16,374,985           | 16,691,383           | -                                  | 354,169                          |
| <b>Total business-type activities</b>       | <b>16,374,985</b>    | <b>16,691,383</b>    | <b>-</b>                           | <b>354,169</b>                   |
| <b>TOTAL PRIMARY GOVERNMENT</b>             | <b>\$ 60,957,464</b> | <b>\$ 23,373,040</b> | <b>\$ 3,112,884</b>                | <b>\$ 1,351,756</b>              |
| <b>COMPONENT UNITS:</b>                     |                      |                      |                                    |                                  |
| Community Development Corporation           | 2,530,672            | 712,940              | 19,583                             | -                                |
| Economic Development Corporation            | 2,020,360            | -                    | -                                  | -                                |
| <b>TOTAL COMPONENT UNITS</b>                | <b>\$ 4,551,032</b>  | <b>\$ 712,940</b>    | <b>\$ 19,583</b>                   | <b>\$ -</b>                      |
| <b>GENERAL REVENUES:</b>                    |                      |                      |                                    |                                  |
| Taxes:                                      |                      |                      |                                    |                                  |
| Sales taxes                                 |                      |                      |                                    |                                  |
| Property taxes                              |                      |                      |                                    |                                  |
| Hotel/motel taxes                           |                      |                      |                                    |                                  |
| Franchise taxes                             |                      |                      |                                    |                                  |
| Investment earnings                         |                      |                      |                                    |                                  |
| Gain on disposal                            |                      |                      |                                    |                                  |
| Miscellaneous                               |                      |                      |                                    |                                  |
| <b>TRANSFERS</b>                            |                      |                      |                                    |                                  |
| <b>Total general revenues and transfers</b> |                      |                      |                                    |                                  |
| <b>CHANGE IN NET ASSETS</b>                 |                      |                      |                                    |                                  |
| <b>NET ASSETS—Beginning</b>                 |                      |                      |                                    |                                  |
| <b>NET ASSETS—Ending</b>                    |                      |                      |                                    |                                  |

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

| Net (Expenses) Revenues and Changes in Net Assets |                          |                 |                       |                      |  |
|---|--------------------------|-----------------|-----------------------|----------------------|--|
| Primary Government                                |                          |                 | Component Units       |                      |  |
| Governmental Activities                           | Business-Type Activities | Total           | Community Development | Economic Development |  |
| \$ (4,622,576)                                    | \$ -                     | \$ (4,622,576)  | \$ -                  | \$ -                 |  |
| (14,970,532)                                      | -                        | (14,970,532)    | -                     | -                    |  |
| (4,608,022)                                       | -                        | (4,608,022)     | -                     | -                    |  |
| (4,069,362)                                       | -                        | (4,069,362)     | -                     | -                    |  |
| (5,519,859)                                       | -                        | (5,519,859)     | -                     | -                    |  |
| (33,790,351)                                      | -                        | (33,790,351)    | -                     | -                    |  |
|   | 670,567                  | 670,567         | -                     | -                    |  |
|   | 670,567                  | 670,567         | -                     | -                    |  |
| \$ (33,790,351)                                   | \$ 670,567               | \$ (33,119,784) | \$ -                  | \$ -                 |  |
|   |                          |                 | (1,798,149)           | -                    |  |
|   |                          |                 | -                     | (2,020,360)          |  |
|   |                          |                 | (1,798,149)           | (2,020,360)          |  |
| 6,111,207   | -                        | 6,111,207       | 3,014,790             | 3,014,790            |  |
| 18,738,588  | -                        | 18,738,588      | -                     | -                    |  |
| 135,676   | -                        | 135,676         | -                     | -                    |  |
| 3,284,583   | -                        | 3,284,583       | -                     | -                    |  |
| 4,535,466   | 125,261                  | 4,660,727       | 43,742                | 74,218               |  |
| 41,859  | -                        | 41,859          | -                     | 117,101              |  |
| 629,099   | 62,077                   | 691,176         | -                     | -                    |  |
| 1,800,000   | (1,800,000)              | -               | -                     | -                    |  |
| 35,276,478  | (1,612,662)              | 33,663,816      | 3,058,532             | 3,206,109            |  |
| 1,486,127   | (942,095)                | 544,032         | 1,260,383             | 1,185,749            |  |
| 97,207,102  | 53,655,102               | 150,862,204     | 3,157,807             | 8,376,114            |  |
| \$ 98,693,229                                     | \$ 52,713,007            | \$ 151,406,236  | \$ 4,418,190          | \$ 9,561,863         |  |

**CITY OF CEDAR HILL, TEXAS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2011**

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| ASSETS  | General              | Debt Service Fund   | Joe Pool Fund        |
|---|----------------------|---------------------|----------------------|
| <b>EQUITY IN POOLED CASH AND CASH EQUIVALENTS</b>                             | \$ 7,269,496         | \$ 1,199,650        | \$ 6,982,237         |
| <b>INVESTMENTS</b>  | -                    | -                   | 31,982,162           |
| <b>RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):</b> |                      |                     |                      |
| Taxes   | 1,701,666            | 250,477             | -                    |
| Franchise taxes   | 645,107              | -                   | -                    |
| Miscellaneous   | 691,423              | -                   | -                    |
| Interest  | -                    | -                   | 221,865              |
| <b>DUE FROM OTHER FUNDS</b>   | 7,000                | -                   | -                    |
| <b>PREPAID ITEMS</b>  | 56,552               | -                   | -                    |
| <b>INVENTORY</b>  | 23,338               | -                   | -                    |
| <b>TOTAL ASSETS</b>   | <u>\$ 10,394,582</u> | <u>\$ 1,450,127</u> | <u>\$ 39,186,264</u> |
| <b>LIABILITIES AND FUND BALANCES</b>  |                      |                     |                      |
| <b>LIABILITIES:</b>   |                      |                     |                      |
| Accounts payable  | \$ 356,638           | \$ -                | \$ -                 |
| Accrued liabilities   | 1,099,501            | -                   | -                    |
| Due to other funds  | -                    | -                   | -                    |
| Deferred revenue  | 1,589,459            | 235,479             | -                    |
| <b>Total liabilities</b>  | <u>3,045,598</u>     | <u>235,479</u>      | <u>-</u>             |
| <b>FUND BALANCES:</b>   |                      |                     |                      |
| Nonspendable  |                      |                     |                      |
| Prepaid and inventory   | 79,890               | -                   | -                    |
| Restricted for:   |                      |                     |                      |
| Construction  | -                    | -                   | -                    |
| PID Use   | -                    | -                   | -                    |
| Tourism   | -                    | -                   | -                    |
| Police  | -                    | -                   | -                    |
| Debt service  | -                    | 1,214,648           | -                    |
| Animal shelter  | 23,359               | -                   | -                    |
| Committed for:  |                      |                     |                      |
| Library   | -                    | -                   | -                    |
| Landscaping   | -                    | -                   | -                    |
| Construction  | -                    | -                   | -                    |
| Building maintenance  | -                    | -                   | -                    |
| Joe pool  | -                    | -                   | 39,186,264           |
| Unassigned  | 7,245,735            | -                   | -                    |
| <b>Total fund balances</b>  | <u>7,348,984</u>     | <u>1,214,648</u>    | <u>39,186,264</u>    |
| <b>TOTAL</b>  | <u>\$ 10,394,582</u> | <u>\$ 1,450,127</u> | <u>\$ 39,186,264</u> |

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

**EXHIBIT B-1**

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| <b>General<br/>Obligation<br/>Bond Fund</b> | <b>Capital<br/>Recovery<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--------------------------------------|--|---|
| \$ 15,702,893                               | \$ 7,353,768                         | \$ 9,160,167                               | \$ 47,668,211                           |
| -   | -                                    | -  | 31,982,162                              |
| -   | -                                    | -  | 1,952,143                               |
| -   | -                                    | -  | 645,107                                 |
| -   | -                                    | 334,270                                    | 1,025,693                               |
| -   | -                                    | -  | 221,865                                 |
| -   | -                                    | -  | 7,000                                   |
| -   | -                                    | 4,113                                      | 60,665                                  |
| -   | -                                    | -  | 23,338                                  |
| <b><u>\$ 15,702,893</u></b>                 | <b><u>\$ 7,353,768</u></b>           | <b><u>\$ 9,498,550</u></b>                 | <b><u>\$ 83,586,184</u></b>             |

|                       |                 |                       |                         |
|-----------------------|-----------------|-----------------------|-------------------------|
| \$ 150,585            | \$ -            | \$ 223,434            | \$ 730,657              |
| -                     | -               | 179,587               | 1,279,088               |
| -                     | -               | 7,000                 | 7,000                   |
| -                     | -               | 14,841                | 1,839,779               |
| <b><u>150,585</u></b> | <b><u>-</u></b> | <b><u>424,862</u></b> | <b><u>3,856,524</u></b> |

|                             |                            |                            |                             |
|-----------------------------|----------------------------|----------------------------|-----------------------------|
| -                           | -                          | 4,113                      | 84,003                      |
| 15,552,308                  | 7,353,768                  | 4,155,163                  | 27,061,239                  |
| -                           | -                          | 255,046                    | 255,046                     |
| -                           | -                          | 517,732                    | 517,732                     |
| -                           | -                          | 267,580                    | 267,580                     |
| -                           | -                          | -                          | 1,214,648                   |
| -                           | -                          | -                          | 23,359                      |
| -                           | -                          | 64,273                     | 64,273                      |
| -                           | -                          | 1,006,819                  | 1,006,819                   |
| -                           | -                          | 2,077,747                  | 2,077,747                   |
| -                           | -                          | 725,215                    | 725,215                     |
| -                           | -                          | -                          | 39,186,264                  |
| -                           | -                          | -                          | <b><u>7,245,735</u></b>     |
| <b><u>15,552,308</u></b>    | <b><u>7,353,768</u></b>    | <b><u>9,073,688</u></b>    | <b><u>79,729,660</u></b>    |
| <b><u>\$ 15,702,893</u></b> | <b><u>\$ 7,353,768</u></b> | <b><u>\$ 9,498,550</u></b> | <b><u>\$ 83,586,184</u></b> |

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

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**EXHIBIT B-2**

**TOTAL FUND BALANCES—Governmental funds** \$ 79,729,660

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (including internal service fund assets of \$1,782,565). 164,972,511

The regional dispatch center is not reported at the fund level. 623,597

Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures and are therefore deferred in the funds. 1,812,398

Bond issue costs are expensed in the fund level financials but capitalized and amortized over the life of the bonds in the government-wide statements. 1,432,802

Bond interest is not payable with current financial resources and is therefore not accrued at the fund level. (440,526)

Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported in the funds. Long-term liabilities consist of:

|                                    |              |
|------------------------------------|--------------|
| General obligation bonds           | (62,666,620) |
| Certificates of obligation         | (21,670,000) |
| Unamortized premiums               | (918,887)    |
| Unamortized loss on refunded bonds | 748,061      |
| Litigation                         | (60,000)     |
| Compensated absences               | (3,725,040)  |
| Arbitrage liability                | (10,245)     |
| OPEB liability                     | (201,952)    |
| Police pension liability           | (22,764)     |
| Other obligation                   | (62,718,212) |

Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included with governmental activities. Amount represents net assets excluding capital assets included above. 1,808,446

**TOTAL NET ASSETS—Governmental activities** \$ 98,693,229



**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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|  | <b>General</b>             | <b>Debt<br/>Service<br/>Fund</b> | <b>Joe Pool<br/>Fund</b>    |
|--|----------------------------|----------------------------------|-----------------------------|
| <b>REVENUES:</b>   |                            |                                  |                             |
| Taxes  | \$ 19,764,086              | \$ 5,091,633                     | \$ -                        |
| Franchise taxes  | 3,188,430                  | -                                | -                           |
| License and permits                                      | 520,502                    | -                                | -                           |
| Intergovernmental  | 1,431,914                  | 1,658,662                        | -                           |
| Charges for services                                     | 2,475,558                  | 102,078                          | -                           |
| Fines and forfeitures                                    | 992,401                    | -                                | -                           |
| Investment earnings                                      | 97,103                     | 23,905                           | 4,032,950                   |
| Miscellaneous  | <u>334,048</u>             | <u>-</u>                         | <u>-</u>                    |
| <b>Total revenues</b>                                    | <b><u>28,804,042</u></b>   | <b><u>6,876,278</u></b>          | <b><u>4,032,950</u></b>     |
| <b>EXPENDITURES:</b>                                     |                            |                                  |                             |
| Current:   |                            |                                  |                             |
| General government                                       | 4,205,476                  | -                                | -                           |
| Public works   | 1,908,853                  | -                                | -                           |
| Public safety  | 18,269,565                 | -                                | -                           |
| Community services                                       | 3,657,304                  | -                                | -                           |
| Debt service:  |                            |                                  |                             |
| Principal retirement                                     | -                          | 4,271,275                        | -                           |
| Interest and fiscal charges                              | -                          | 3,957,697                        | -                           |
| Capital outlay   |                            |                                  |                             |
| General administration                                   | -                          | -                                | -                           |
| Public works   | 1,100,688                  | -                                | -                           |
| Public safety  | 75,396                     | -                                | -                           |
| Community services                                       | <u>-</u>                   | <u>-</u>                         | <u>-</u>                    |
| <b>Total expenditures</b>                                | <b><u>29,217,282</u></b>   | <b><u>8,228,972</u></b>          | <b><u>-</u></b>             |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b> | <b><u>(413,240)</u></b>    | <b><u>(1,352,694)</u></b>        | <b><u>4,032,950</u></b>     |
| <b>OTHER FINANCING SOURCES (USES):</b>                   |                            |                                  |                             |
| Transfer in  | -                          | 1,053,840                        | 1,850,000                   |
| Transfer out   | <u>(50,000)</u>            | <u>-</u>                         | <u>-</u>                    |
| Premiums on issuance of debt                             | -                          | 223,578                          | -                           |
| Issuance of refunding bonds                              | -                          | 14,630,000                       | -                           |
| Payments to refunded bond escrow agent                   | <u>-</u>                   | <u>(14,678,464)</u>              | <u>-</u>                    |
| <b>Total other financing sources (uses)</b>              | <b><u>(50,000)</u></b>     | <b><u>1,228,954</u></b>          | <b><u>1,850,000</u></b>     |
| <b>CHANGE IN FUND BALANCES</b>                           | <b><u>(463,240)</u></b>    | <b><u>(123,740)</u></b>          | <b><u>5,882,950</u></b>     |
| <b>FUND BALANCES—Beginning</b>                           | <b><u>7,812,224</u></b>    | <b><u>1,338,388</u></b>          | <b><u>33,303,314</u></b>    |
| <b>FUND BALANCES—Ending</b>                              | <b><u>\$ 7,348,984</u></b> | <b><u>\$ 1,214,648</u></b>       | <b><u>\$ 39,186,264</u></b> |

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

**EXHIBIT B-3**

| <b>General<br/>Obligation<br/>Bond Fund</b> | <b>Capital<br/>Recovery<br/>Fund</b> | <b>Nonmajor<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|--------------------------------------|--|---|
| \$ -  | \$ -                                 | \$ 135,676                                 | \$ 24,991,395                           |
| - -   | - -                                  | - -  | 3,188,430                               |
| - -   | - -                                  | - -  | 520,502                                 |
| - -   | - -                                  | 442,020                                    | 3,532,596                               |
| - -   | - -                                  | 1,913,479                                  | 4,491,115                               |
| - -   | - -                                  | 337,653                                    | 1,330,054                               |
| 167,125                                     | 81,576                               | 108,183                                    | 4,510,842                               |
| <u>-</u>                                    | <u>221,580</u>                       | <u>455,611</u>                             | <u>1,011,239</u>                        |
| <b>167,125</b>                              | <b>303,156</b>                       | <b>3,392,622</b>                           | <b>43,576,173</b>                       |
| <hr/>                                       |                                      |  |   |
| 6,581                                       | - -                                  | 1,199                                      | 4,213,256                               |
| - -   | - -                                  | 222,770                                    | 2,131,623                               |
| 4,302                                       | - -                                  | 441,191                                    | 18,715,058                              |
| - -   | - -                                  | 2,143,547                                  | 5,800,851                               |
| - -   | - -                                  | - -  | 4,271,275                               |
| - -   | - -                                  | - -  | 3,957,697                               |
| 47,736                                      | - -                                  | - -  | 47,736                                  |
| 1,214,084                                   | - -                                  | 1,440,576                                  | 3,755,348                               |
| 7,264                                       | - -                                  | 65,236                                     | 147,896                                 |
| <u>- -</u>                                  | <u>- -</u>                           | <u>39,776</u>                              | <u>39,776</u>                           |
| <b>1,279,967</b>                            | <b>- -</b>                           | <b>4,354,295</b>                           | <b>43,080,516</b>                       |
| <hr/>                                       |                                      |  |   |
| <b>(1,112,842)</b>                          | <b>303,156</b>                       | <b>(961,673)</b>                           | <b>495,657</b>                          |
| <hr/>                                       |                                      |  |   |
| - -   | - -                                  | - -  | 2,903,840                               |
| - -   | (1,053,840)                          | - -  | (1,103,840)                             |
| - -   | - -                                  | - -  | 223,578                                 |
| - -   | - -                                  | - -  | 14,630,000                              |
| <u>- -</u>                                  | <u>- -</u>                           | <u>- -</u>                                 | <u>(14,678,464)</u>                     |
| <u>- -</u>                                  | <u>(1,053,840)</u>                   | <u>- -</u>                                 | <u>1,975,114</u>                        |
| <b>(1,112,842)</b>                          | <b>(750,684)</b>                     | <b>(961,673)</b>                           | <b>2,470,771</b>                        |
| <hr/>                                       |                                      |  |   |
| <b>16,665,150</b>                           | <b>8,104,452</b>                     | <b>10,035,361</b>                          | <b>77,258,889</b>                       |
| <hr/>                                       |                                      |  |   |
| <b>\$ 15,552,308</b>                        | <b>\$ 7,353,768</b>                  | <b>\$ 9,073,688</b>                        | <b>\$ 79,729,660</b>                    |

**CITY OF CEDAR HILL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT B-4**

|  |                           |
|--|---------------------------|
| <b>NET CHANGE IN FUND BALANCES—Total governmental funds</b>  | \$ 2,470,771              |
| <br>Amounts reported for governmental activities in the statement of activities are different because:   |                           |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.  | 3,990,756                 |
| This amount does not include \$590,278 of capital assets acquired by the internal service fund.  |                           |
| Depreciation expense on capital assets is reported in the government-wide statements of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. This amount does not include \$579,889 in depreciation expense recorded in the internal service fund. | (6,301,410)               |
| Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.  | 664,286                   |
| The net increase in equity of the regional dispatch center joint venture is not reported at the fund level; however, it is reported at the government-wide level.  | 37,707                    |
| Bond issuance costs are expenditures in the fund financial statements when debt is issued, but are amortized over the term of the bond in the government-wide financial statements.  | 53,389                    |
| Change in the pension assets and liabilities are not reported at the fund level; however, they are reported at the government-wide level.  | (15,642)                  |
| Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.  | 37,253                    |
| Additions to vacation and sick liabilities are not shown in the fund financial statements.   |                           |
| The net effect of the current year increase is to decrease net assets.   | (73,017)                  |
| Additions to OPEB liabilities are not shown in the fund financial statements.  |                           |
| The net effect of the current year increase is to decrease net assets.   | (53,645)                  |
| Current year bond proceeds are other financing sources in the fund financial statements but are shown as an increase in the liabilities in the government-wide financial statements.   | (14,630,000)              |
| Current year bond refundings are other financing uses in the fund financial statements but are shown as a decrease in the liabilities in the government-wide financial statements.   | 14,678,464                |
| Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.  | 4,271,275                 |
| Change in water rights obligation are only reported at the government-wide level.  | (3,372,611)               |
| Premiums and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements.  | (121,694)                 |
| Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net assets.   | (68,699)                  |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.   | (36,593)                  |
| Arbitrage liability is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period.   | 6,187                     |
| In governmental fund financial statements, the proceeds from a sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.   | (5,214)                   |
| Internal service funds are used by management to charge the costs of equipment services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.   | (73,394)                  |
| Funds provided by the City to bond escrows as part of a refunding are recorded as expenditures at the fund level but are recorded as part of the deferred loss on refunding on the government wide statements.   | 27,958                    |
| <b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>   | <hr/> <b>\$ 1,486,127</b> |

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

**CITY OF CEDAR HILL , TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2011**

**EXHIBIT C-1**

|   | <b>Business-Type<br/>Activities<br/>Enterprise Funds</b> | <b>Governmental<br/>Activities<br/>Internal Service<br/>Funds</b> |
|---|--|---|
|   | <b>Water and<br/>Sewer Fund</b>                          |   |
| <b>ASSETS:</b>  |  |   |
| Current assets:   |  |   |
| Equity in pooled cash and cash equivalents  | \$ 2,055,698   | \$ 1,841,856  |
| Receivables (net, where applicable, of allowances for uncollectibles):              |  |   |
| Accounts  | 2,728,192  | -   |
| Prepaid expenses  | 7,697  | -   |
| Restricted assets:  |  |   |
| Restricted for debt service:  |  |   |
| Equity in pooled cash and cash equivalents  | 460,454  | -   |
| Investments   | 986,522  | -   |
| Interest Receivable   | 11,408   | -   |
| Restricted—customer deposits  | 429,933  | -   |
| Restricted—capital recovery fee funds—equity in pooled cash<br>and cash equivalents | 1,542,663  | -   |
| Restricted—pro rata funds—equity in pooled cash and cash equivalents                | 329,060  | -   |
| Restricted—bond proceeds—equity in pooled cash and cash equivalents                 | 6,802,045  | -   |
| <b>Total current assets</b>   | <b>15,353,672</b>  | <b>1,841,856</b>  |
| Noncurrent assets:  |  |   |
| Deferred issuance costs   | 286,840  | -   |
| Capital assets:   |  |   |
| Nondepreciable  | 620,458  | -   |
| Depreciable—net of accumulated depreciation   | 49,935,113   | 1,782,565   |
| <b>Total noncurrent assets</b>  | <b>50,842,411</b>  | <b>1,782,565</b>  |
| <b>Total assets</b>   | <b>66,196,083</b>  | <b>3,624,421</b>  |
| <b>LIABILITIES:</b>   |  |   |
| Current liabilities:  |  |   |
| Payable from current assets:  |  |   |
| Accounts and contracts payable  | 773,781  | 33,410  |
| Accrued liabilities   | 118,707  | -   |
| Other obligations-current   | 17,620   | -   |
| Customer deposits   | 429,933  | -   |
| Compensated absences—current  | 124,668  | -   |
| <b>Total payable from current assets</b>  | <b>1,464,709</b>   | <b>33,410</b>   |
| Payable from restricted assets:   |  |   |
| Accrued Interest  | 6,809  | -   |
| General obligation bonds payable  | 235,655  | -   |
| Revenue bonds payable   | 470,000  | -   |
| <b>Total payable from restricted assets</b>   | <b>712,464</b>   | <b>-</b>  |
| <b>Total current liabilities</b>  | <b>2,177,173</b>   | <b>33,410</b>   |
| Noncurrent liabilities:   |  |   |
| Other obligations   | 52,861   | -   |
| General obligation bonds payable  | 1,702,725  | -   |
| Revenue bonds payable   | 9,372,447  | -   |
| Compensated absences  | 183,938  | -   |
| Loss on refunding   | (6,068)  | -   |
| <b>Total noncurrent liabilities</b>   | <b>11,305,903</b>  | <b>-</b>  |
| <b>Total liabilities</b>  | <b>13,483,076</b>  | <b>33,410</b>   |
| <b>NET ASSETS:</b>  |  |   |
| Invested in capital assets—net of related debt                                      | 45,512,376   | 1,782,565   |
| Restricted for:   |  |   |
| Debt service  | 1,967,628  | -   |
| Construction  | 1,542,663  | -   |
| Unrestricted  | 3,690,340  | 1,808,446   |
| <b>Total net assets</b>   | <b>\$ 52,713,007</b>                                     | <b>\$ 3,591,011</b>   |

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

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT C-2**

|   | <b>Business-Type<br/>Activities</b><br><b>Enterprise Funds</b> | <b>Governmental<br/>Activities</b><br><b>Internal Service<br/>Funds</b> |
|---|--|---|
|   | <b>Water and<br/>Sewer Fund</b>                                |   |
| <b>OPERATING REVENUES:</b>                                  |  |   |
| Water sales   | \$ 10,395,866  | \$ -  |
| Sewer charges   | 5,752,101  | -   |
| Other charges   | 543,416  | 794,688   |
| <b>Total operating revenues</b>                             | <b>16,691,383</b>  | <b>794,688</b>  |
| <b>OPERATING EXPENSES:</b>                                  |  |   |
| Sewage treatment  | 4,677,823  | -   |
| Purchase of water   | 3,267,212  | -   |
| Personnel services  | 2,602,062  | -   |
| Depreciation  | 1,633,013  | 579,889   |
| Gross receipts fee  | 726,659  | -   |
| Heat, light and power                                       | 471,003  | -   |
| Maintenance   | 311,234  | -   |
| Contractual services  | 557,290  | -   |
| Materials and supplies                                      | 337,206  | 351,960   |
| Miscellaneous   | 72,562   | -   |
| <b>Total operating expenses</b>                             | <b>14,656,064</b>  | <b>931,849</b>  |
| <b>OPERATING INCOME (LOSS)</b>                              | <b>2,035,319</b>   | <b>(137,161)</b>  |
| <b>NON-OPERATING REVENUES (EXPENSES):</b>                   |  |   |
| Other non-operating revenue                                 | 62,077   | -   |
| Investment income   | 125,261  | 18,437  |
| Interest and fiscal charges                                 | (523,717)  | -   |
| Gain (loss) on retirement of assets                         | (1,195,204)  | 45,330  |
| <b>Total nonoperating revenue (expenses)</b>                | <b>(1,531,583)</b>   | <b>63,767</b>   |
| <b>INCOME (LOSS) BEFORE CONTRIBUTIONS<br/>AND TRANSFERS</b> | <b>503,736</b>   | <b>(73,394)</b>   |
| Contributions-tap fees and other                            | 116,149  | -   |
| Contributions   | 238,020  | -   |
| Transfers out   | (1,800,000)  | -   |
| <b>Total contributions and transfers</b>                    | <b>(1,445,831)</b>   | <b>-</b>  |
| <b>CHANGE IN NET ASSETS</b>                                 | <b>(942,095)</b>   | <b>(73,394)</b>   |
| <b>NET ASSETS—Beginning of year</b>                         | <b>53,655,102</b>  | <b>3,664,405</b>  |
| <b>NET ASSETS—End of year</b>                               | <b>\$ 52,713,007</b>   | <b>\$ 3,591,011</b>   |

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



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

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|   | <b>Business-Type<br/>Activities<br/>Enterprise Funds</b> | <b>Governmental<br/>Activities</b> |
|---|--|------------------------------------|
|   | <b>Water and<br/>Sewer Fund</b>                          | <b>Internal Service<br/>Funds</b>  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |  |                                    |
| Cash received from customers  | \$ 16,250,101  | \$ 794,688                         |
| Cash paid to suppliers  | (10,100,058)   | (320,496)                          |
| Cash paid to employees for services                                 | (2,629,292)  | -                                  |
| <b>Net cash provided by operations</b>                              | <b>3,520,751</b>   | <b>474,192</b>                     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>              |  |                                    |
| Transfers to other funds  | (1,800,000)  | -                                  |
| <b>Net cash used in noncapital financing activities</b>             | <b>(1,800,000)</b>                                       | <b>-</b>                           |
| <b>CASH FLOWS FROM CAPITAL<br/>AND RELATED FINANCING ACTIVITIES</b> |  |                                    |
| Acquisition and construction of capital assets                      | (1,091,922)  | (590,278)                          |
| Proceeds from sales of assets                                       | 15,200   | 58,339                             |
| Impact and pro rata receipts  | 116,149  | -                                  |
| Equipment leasing activities  | 62,077   | -                                  |
| Principal paid on revenue bonds                                     | (683,725)  | -                                  |
| Interest paid on revenue and general obligation bonds               | (501,943)  | -                                  |
| <b>Net cash used in capital and related financing activities</b>    | <b>(2,084,164)</b>                                       | <b>(531,939)</b>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                        |  |                                    |
| Interest received   | 162,407  | 18,437                             |
| <b>Net cash provided by investing activities</b>                    | <b>162,407</b>   | <b>18,437</b>                      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                    |  |                                    |
|   | (201,006)  | (39,310)                           |
| <b>CASH AND CASH EQUIVALENTS—Beginning of year</b>                  | <b>11,820,859</b>  | <b>1,881,166</b>                   |
| <b>CASH AND CASH EQUIVALENTS—End of year</b>                        | <b>\$ 11,619,853</b>                                     | <b>\$ 1,841,856</b>                |

**EXHIBIT C-3**

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|   | <b>Business-Type<br/>Activities</b> | <b>Enterprise<br/>Funds</b>       | <b>Governmental<br/>Activities</b> |
|---|-------------------------------------|-----------------------------------|------------------------------------|
|   | <b>Water and<br/>Sewer Fund</b>     | <b>Internal Service<br/>Funds</b> |                                    |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b> |                                     |                                   |                                    |
| Operating income(loss)  | \$ 2,035,319                        | \$ (137,161)                      |                                    |
| Adjustments:  |                                     |                                   |                                    |
| Depreciation expense  | 1,633,013                           | 579,889                           |                                    |
| Provision for bad debt  | (70,651)                            | -                                 |                                    |
| Change in assets and liabilities:   |                                     |                                   |                                    |
| Increase in accounts receivable   | (370,631)                           | -                                 |                                    |
| Decrease in prepaids  | 44,988                              | -                                 |                                    |
| Increase in accounts payable  | 270,190                             | 31,464                            |                                    |
| Decrease in accrued liabilities   | (93,057)                            | -                                 |                                    |
| Increase in customer deposits   | 50,358                              | -                                 |                                    |
| Increase in compensated absences  | 21,222                              | -                                 |                                    |
| <b>Total adjustments</b>  | <b>1,485,432</b>                    | <b>611,353</b>                    |                                    |
| <b>NET CASH PROVIDED BY OPERATIONS</b>  | <b>\$ 3,520,751</b>                 | <b>\$ 474,192</b>                 |                                    |
| <b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>                              |                                     |                                   |                                    |
| Contributions of capital assets   | \$ 238,020                          | \$ -                              |                                    |
| Change in fair value of investments   | \$ (36,343)                         | \$ -                              |                                    |
| <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>       |                                     |                                   |                                    |
| Equity in pooled cash and cash equivalents  | \$ 2,055,698                        | \$ 1,841,856                      |                                    |
| Equity in pooled cash and cash equivalents restricted for debt                          | 460,454                             | -                                 |                                    |
| Restricted—customer deposits  | 429,933                             | -                                 |                                    |
| Restricted—capital recovery fee funds—equity in pooled cash and investments             | 1,542,663                           | -                                 |                                    |
| Restricted—pro rata funds—equity in pooled cash and cash equivalents                    | 329,060                             | -                                 |                                    |
| Restricted—bond proceeds—equity in pooled cash and cash equivalents                     | 6,802,045                           | -                                 |                                    |
|   | <b>\$ 11,619,853</b>                | <b>\$ 1,841,856</b>               |                                    |

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2011**

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**EXHIBIT D-1**

|   | <b>Pension<br/>Trust Fund</b> | <b>Police Reserves<br/>Benefit Fund</b> |
|---|-------------------------------|---|
| <b>ASSETS:</b>  |                               |   |
| Investments   | \$ 83,232                     |   |
| <b>Total assets</b>                                   | <u>83,232</u>                 |   |
| <b>NET ASSETS:</b>                                    |                               |   |
| Held in trust for pension benefits and other purposes | 83,232                        |   |
| <b>Total net assets</b>                               | <u>\$ 83,232</u>              |   |

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT D-2**

|  | <b>Pension<br/>Trust Fund</b> | <b>Police<br/>Reserves</b> | <b>Benefit Fund</b> |
|--|-------------------------------|----------------------------|---------------------|
| <b>ADDITIONS:</b>  |                               |                            |                     |
| Contributions from employer  | \$ 10,000                     |                            |                     |
| Investment loss  | (15,674)                      |                            |                     |
| <b>Total additions</b>   | <u>(5,674)</u>                |                            |                     |
| <b>DEDUCTIONS:</b>   |                               |                            |                     |
| Special services   | 1,690                         |                            |                     |
| Pension payments   | 12,096                        |                            |                     |
| <b>Total deductions</b>  | <u>13,786</u>                 |                            |                     |
| <b>NET DECREASE</b>  | <u>(19,460)</u>               |                            |                     |
| <b>NET ASSETS HELD IN TRUST FOR<br/>PENSION BENEFITS—Beginning of year</b> | <u>102,692</u>                |                            |                     |
| <b>NET ASSETS HELD IN TRUST FOR<br/>PENSION BENEFITS—End of year</b>       | <u>\$ 83,232</u>              |                            |                     |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Cedar Hill (the City) was incorporated in 1938. The City operates as a home-rule city under a council-manager form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, water and sewer utilities, public library, parks and recreation, public improvements, economic development, planning, zoning and code enforcement, and general administrative services. Sanitation collection services are provided through a private contractor.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the City are described below.

**A. Reporting Entity**

The City is a municipal corporation governed by an elected mayor and six-member council. As required by GAAP, the financial statements present the City (the primary government) and its component units, entities for which the City is considered to be financially accountable. This report includes the financial statements of the City's primary government, which cover all funds or organizations that are part of the legal entity for which the primary government is financially responsible.

Additionally, the component unit columns in the basic financial statements present the financial data of the discretely presented component units, which are legally separate entities responsible to the City's governing body, the City Council. The Community Development Corporation (CDC) is a legally separate entity incorporated May 12, 1994. The City Council appoints the governing board of this entity, which serves the purpose of developing community recreational, educational and similar facilities, and approves its budget. The City is financially accountable for the Corporation and has the ability to control the Corporation's activities. The Corporation was established for the financial benefit of the City. The Economic Development Corporation (EDC) is a legally separate entity incorporated September 8, 1994. The City Council appoints the governing board for this entity, which serves the purpose of (a) promoting existing business enterprise expansion and retention and (b) new business enterprise development and attraction, and approves its budget. The City is financially accountable for the Corporation and has the ability to control the Corporation's activities. The Corporation was established for the financial benefit of the City. Complete financial statements of both component units may be obtained from:

City of Cedar Hill, Texas  
Finance Director  
285 Uptown Blvd  
Bldg. 100  
Cedar Hill, Texas 75104

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued**

Property taxes, franchise taxes, and sales taxes associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Licenses, permits, charges for services, and fines and forfeitures are recorded as revenues when received in cash because they are generally not measurable until actually received. Interest earnings and intergovernmental revenue are recorded as earned since they are measurable and available.

The City reports the following major governmental funds:

- The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Debt Service Fund* accounts for the accumulation of resources (primarily property tax levies) to be used for the payment of principal, interest and related costs of general long-term liabilities.
- The *Joe Pool Fund* accounts for funds set aside to pay for the city's share (43%) of the water rights to Joe Pool Lake.
- The *General Obligation Bond Fund* accounts for funds to be used for the construction of streets, the construction of the Government Center and the renovation of various buildings.
- The *Capital Recovery Fund* accounts for street impact fees which are collected and made available for debt service on streets as needed.

The City reports the following major proprietary fund:

- The *Enterprise Fund* accounts for the operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's water and sewer system is accounted for through this fund.

Additionally, the City reports the following funds:

- The *Police Reserves Benefit Fund* is a pension trust fund to account for the defined benefit plan of the police reserves.
- The *Internal Service Fund* purchases equipment and leases the equipment to other funds of the City.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
– Continued**

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are franchise fees and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**1. Deposits and investments**

The City considers both restricted and unrestricted demand deposits, cash on hand, investments in highly liquid investment pools and investments with original maturities of under 90 days to be cash equivalents.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Assets, Liabilities and Net Assets or Equity – Continued**

The City pools substantially all cash and investments except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying statement of net assets and balance sheet under the caption "Equity in pooled cash and investments". Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market prices at September 30, 2011, to be the fair value of investments. Interest earned on investments is recorded in the funds in which the investments are recorded.

**2. *Receivables and payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." There are no internal balances as of September 30, 2011.

Property taxes attach an enforceable lien on property as of January 1. The City's property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after February 1 of each year. The Dallas County Tax Office bills and collects all property taxes for the City. Any uncollected property taxes as of September 30, which are not expected to be collected within 60 days, are recorded as taxes receivable and deferred revenues. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

**3. *Inventories and prepaid items***

Inventories are stated at specific identified costs and are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Assets, Liabilities and Net Assets or Equity – Continued**

**4. *Restricted assets***

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because they are maintained in separate investment pool accounts and their use is limited by applicable bond covenants.

**5. *Capital assets***

Capital assets, which include land, building/facility and improvements, equipment, water rights, master studies and infrastructure assets (e.g., roads, culverts, drainage systems and similar items), purchased or acquired, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if historical cost is not available. Donated or contributed capital assets are recorded at estimated fair market value at the date of donation or contribution. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Depreciation on capital assets is calculated on the straight-line basis over the following useful lives:

|                                       |             |
|---------------------------------------|-------------|
| Buildings/Facilities and Improvements | 10-60 years |
| Equipment                             | 3-30 years  |
| Water Rights                          | 50 years    |
| Master Studies                        | 5 years     |
| Infrastructure                        | 20-50 years |

**6. *Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. When employees enter full-time employment classification, accrual of paid vacation time begins according to a schedule based on position and years of service. If the total amount of unused paid vacation time reaches a "cap" of 240 hours, further accrual will cease until accrued leave time is less than 240 hours. If an employee retires or resigns with two weeks notice and completes the remaining two weeks, the employee will be paid for unused vacation time that has been earned through the last day of work, up to the 240 hour cap or 336 hours for firemen.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**D. Assets, Liabilities and Net Assets or Equity – Continued**

**6. Compensated absences – Continued**

An employee is eligible to accrue 96 hours of sick leave per year, accrued at a rate of 8 hours per month. Fire department employees are eligible to accrue sick leave at a rate of 12 hours per month. Unused sick leave may be accumulated from year-to-year to an unlimited total. If an employee retires or resigns with two weeks notice and completes the remaining two weeks, the employee will be paid for unused sick time that has been earned through the last day of work, up to a maximum of 720 hours or 1,080 for firefighters.

**7. Long-term obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt on a straight-line basis.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance cost, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Fund equity**

The City reports governmental fund balances per GASB 54 definitions as follows:

**Nonspendable** – Amounts that are not in spendable form or are required to be maintained intact, such as inventory or permanent funds.

**Restricted** – Amounts that can be spent only for specific purposes stipulated by external parties, such as grants, court technology fees and construction.

**Committed** – Amounts that can be used only for specific purposes set by resolution of the City Council, such as Street Construction and Building Maintenance.

**Assigned** – Amounts intended to be used for specific purpose. The City Council has

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

delegated the responsibility to assign funds to the City Manager or the Director of Finance. Assignments may occur subsequent to fiscal year end.

Unassigned – Amounts not contained in other classifications that can be used for any purpose.

The City will utilize funds for expenditures from the most restrictive fund balance first when more than one fund balance classification is available.

Minimum Fund Balance Policy- it is the policy of the City to achieve and maintain an unassigned fund balance in the General Fund of at least twenty percent of budgeted expenditures, a working capital of at least twenty-five percent of estimated expenditures for the Water and Sewer Fund, an unassigned fund balance in the Community Development Corporation Fund of twenty-five percent of revenues, an unassigned fund balance in the Economic Development Corporation Fund equal to fifteen percent of revenues and an unassigned fund balance in the Debt Service Fund equal to fifteen percent of expenditures.

**9. Other Restricted Net Assets**

Other restricted net assets shown for governmental activities on the government wide statement of net assets consists of the following restrictions.

|                   |                   |
|-------------------|-------------------|
| Police Forfeiture | \$ 18,984         |
| Hotel Occupancy   | 521,845           |
| Library Fund      | 64,273            |
| HP-PID            | 82,082            |
| WO-PID            | <u>172,964</u>    |
| Total             | <u>\$ 860,148</u> |

**10. New accounting standards**

**Effective in the current year**

In March 2009, GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which was effective June 30, 2011. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The City has implemented this standard.

In December 2009, GASB issued Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**D. Assets, Liabilities and Net Assets or Equity – Continued**

The provisions related to the use of the alternative measurement method is effective upon issuance. The provisions related to the frequency and timing of measurements—for actuarial valuations first used to report funded status information in OPEB plan financial statements are applicable for periods beginning after June 15, 2011. The City has evaluated this statement and has determined it will not impact the City's OPEB plan since the City does not use the alternative measurement method.

In December 2009, GASB issued Statement No. 58, Accounting and Reporting for Chapter 9 Bankruptcies, which will be effective June 30, 2011. This statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The City will continue to evaluate the impact of this standard and will take steps to implement if applicable.

In June 2011, GASB issued Statement No. 64, Accounting and Financial Reporting for Derivative Instruments, which will be effective for periods beginning after June 15, 2011. This Statement clarifies the existing requirements for the termination of hedge accounting. This Statement applies to all state and government entities and amends Statement 53, paragraphs 22d and 82. The City has no derivative instruments. In the future if there is a situation that applies to this Statement, the City will account for it appropriately.

**Effective in the future periods**

In December 2010, GASB issued Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. This statement is effective for financial statements for periods starting after December 15, 2011. In general, its provisions are required to be applied retroactively for all periods reported. The City had no transactions of this type in 2011. In the future, if there is a transaction to which this statement applies, the City will account for it appropriately.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus- an amendment of GASB Statements No. 14 and No. 34*. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. This statement will be effective for periods beginning after June 15, 2012.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**D. Assets, Liabilities and Net Assets or Equity – Continued**

The City will continue to evaluate the impact of this standard and will take steps to implement as needed.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations.
2. Accounting Principles Board Opinions.
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

This Statement is effective for periods beginning after December 15, 2011. The City will continue to evaluate the impact of this standard and will take steps to implement as needed.

In June 2011, GASB issued Statement No. 63, *Accounting and Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which will be effective in the fiscal year ending December 15, 2011. The Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. The City will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Included in the statement of net assets and the statement of fiduciary net assets are cash and investments totaling \$94,181,836.

|                                 | Investment Maturities (in Years) |                     |                   |             |                      |
|---------------------------------|----------------------------------|---------------------|-------------------|-------------|----------------------|
|                                 | Fair Value                       | Less than           |                   | More than   |                      |
|                                 |                                  | 1                   | 1–5               | 6–10        | 10                   |
| City cash—cash                  | \$ 57,462,494                    | \$ -                | \$ -              | \$ -        | \$ -                 |
| City investments:               |                                  |                     |                   |             |                      |
| U.S. government agency          | 986,522                          | -                   | 986,522           | -           | -                    |
| Municipal bonds                 | 31,982,162                       | -                   | -                 | -           | 31,982,162           |
| Investment pools                | 2,362,454                        | 2,362,454           | -                 | -           | -                    |
| Money market mutual fund        | 1,304,972                        | 1,304,972           | -                 | -           | -                    |
| Total investments               | 36,636,110                       | 3,667,426           | 986,522           | -           | 31,982,162           |
| Total cash and investments—city | <u>\$ 94,098,604</u>             | <u>\$ 3,667,426</u> | <u>\$ 986,522</u> | <u>\$ -</u> | <u>\$ 31,982,162</u> |
| Pension trust:                  |                                  |                     |                   |             |                      |
| Money market mutual fund        | \$ 46,372                        | \$ 46,372           | \$ -              | \$ -        | \$ -                 |
| Equities                        | 36,860                           | 36,860              | -                 | -           | -                    |
|                                 | <u>\$ 83,232</u>                 | <u>\$ 83,232</u>    | <u>\$ -</u>       | <u>\$ -</u> | <u>\$ -</u>          |

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED**

**Custodial Credit Risk-Deposits**

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. It is the City's policy to require all deposits with financial institutions to be collateralized to the extent not protected by F.D.I.C. insurance. Securities that can be accepted include obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas or its agencies; and other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities.

At year end, the carrying amount of the City's deposits and cash on hand was \$57,462,494 and the bank balance was \$57,695,379. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

**Custodial Credit Risk-Investments**

The laws of the State of Texas and prudent treasury management require that all purchased securities shall be held in safekeeping by either a City account in a third party financial institution, or the City's safekeeping account in its designated depository bank, or in a Federal Reserve Bank.

Securities owned by the City are held by the City's depository at the Federal Home Loan Bank in a separate account for the City.

**Credit Risk**

The City's investment policy, which complies with state statutes, manages credit risk by limiting investments to specific types of investments and by forbidding the investment of funds in investments authorized by the state's Public Funds Investment Act, but not approved by the City Council. This policy permits investments in: 1) obligations of the United States or its agencies and instrumentalities; 2) direct obligations of the State of Texas or its agencies; 3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; 4) Certificates of deposit issued by state and national banks domiciled in the State of Texas; 5) direct repurchase agreements with primary security dealers having a defined termination date, and secured by U.S. Government or federal agency securities; 6) SEC-registered and regulated, no-load money market mutual funds with a dollar-weighted average portfolio maturity of 90 days or less whose assets comply with the Public Funds Investment Act; 7) investment pools that comply with the requirements of the Public Funds Investment Act approved by the City Council.

The City's investments during the fiscal year consisted of U.S. agencies, municipal bonds, collateralized certificates of deposits, money market mutual funds and investment pools approved by the City Council.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED**

The City participated in the following investments during the fiscal year:

| Investment                               | Type                   | Fitch  | S&P  | Moody  |
|--|------------------------|--------|------|--------|
| FHLB 4.875 12/14/2012                    | Federal Agency Bond    |        | AA+  | Aaa    |
| Bexar County TX 6.628 6/15/2039-19       | Municipal Bond         | AAA    | AA+  |        |
| Bexar Co Hosp 6.904 2/15/2039-19         | Municipal Bond         | AAA    | AA+  |        |
| Cypress-Fairbank ISD 6.529 2/15/2031-19  | Municipal Bond         | AAA    | AA-  |        |
| Cypress-Fairbanks ISD 6.629 2/15/2038-19 | Municipal Bond         | AAA    | AA-  |        |
| Dallas TX ISD 6.45 2/15/2035-21          | Municipal Bond         |        | AAA  |        |
| El Paso TX 6.7 8/15/2036-20              | Municipal Bond         | AAA    | AA   |        |
| Galveston County 6.205 2/1/2029-19       | Municipal Bond         | AA+    |      |        |
| Grand Prairie TX ISD 0 8/15/2040-18      | Municipal Bond         | AA     | AA-  |        |
| Houston TX 6.319 3/1/2030-20             | Municipal Bond         | AA     | AA   |        |
| Katy ISD 6.349 2/15/2041-20              | Municipal Bond         |        | AAA  |        |
| Laredo TX 6.566 2/15/2039-19             | Municipal Bond         | AA     | AA-  |        |
| Roanoke E&I DC 7.199 8/15/2035-19        | Municipal Bond         |        | AA-  |        |
| Round Rock TX ISD 6.024 8/1/2035-20      | Municipal Bond         | AAA    |      |        |
| San Antonio ISD 6.097 8/15/2031-20       | Municipal Bond         | AAA    | AAA  |        |
| San Antonio ISD 6.247 8/15/2035-20       | Municipal Bond         | AAA    | AAA  |        |
| TEXSTAR LGIP                             | Investment Pool        |        | AAAm |        |
| Federated Prime Obligations Fund SS      | Money Market           | AAAmmf | AAAm | Aaa-mf |
| Prosperity MM                            | Money Market           | AAA    |      |        |
| Prosperity Bank MM                       | Money Market           | AAA    |      |        |
| Prosperity Bank MM                       | Money Market           | AAA    |      |        |
| Prosperity Bank 3 2/2/2014               | Certificate of Deposit | AAA    |      |        |

**Interest Rate Risk**

Interest rate risk is minimized according to policy by diversification of investment instruments as well as stated maximum maturity dates. The City's investment policy limits investments to the following maturities:

| Portfolio Type                                       | Maximum Average Maturity                 | Maximum Final Maturity                        |
|--|--|---|
| Consolidated funds                                   | Weighted-average maturity of 365 days    | Three years                                   |
| Debt service funds                                   | None set                                 | Debt service payment date investment will pay |
| Debt reserve funds                                   | None set                                 | Call date or final maturity date              |
| Special project or special revenue funds             | Weighted-average maturity of three years | Five years                                    |
| Joe Pool Funds<br>(see footnote 6—other obligations) | None set                                 | Forty years                                   |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED**

**Investment in State Investment Pools**

The City invested in TexSTAR Investment Pool. TexSTAR is administered by First Southwest Asset Management Company and JPMorgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven and noted track record in local government investment pool management.

TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAm by Standard and Poor's. The fair value of the position in TexSTAR is the same as the value of TexSTAR shares.

During the year, the City managed the investments of the EDC and the CDC. The EDC and CDC investments are categorized in the same manner as the City's and consist of the following:

**Economic Development Corporation**

|  | Investment Maturities (in Years) |            |            |           |      |
|--|----------------------------------|------------|------------|-----------|------|
|  | Fair Value                       | Less than  |            | More than |      |
|  |                                  | 1          | 1–5        | 6–10      | 10   |
| Corporation—cash                       | \$ 6,449,867                     | \$ -       | \$ -       | \$ -      | \$ - |
| Corporation investments:               |                                  |            |            |           |      |
| Investment pools                       | 206,797                          | 206,797    |            |           |      |
| Money market mutual fund               | 146,484                          | 146,484    |            |           |      |
| Certificate of deposit                 | 269,363                          | -          | 269,363    |           |      |
| Total investments                      | 622,644                          | 353,281    | 269,363    | -         | -    |
| Total cash and investments—corporation | \$ 7,072,511                     | \$ 353,281 | \$ 269,363 | \$ -      | \$ - |

At year-end, the carrying amount of the EDC's deposits and cash on hand was \$6,449,867 and the bank balance was \$6,476,342. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED**

**Community Development Corporation**

|  | Investment Maturities (in Years) |                          |                          |                    |                    |
|--|----------------------------------|--------------------------|--------------------------|--------------------|--------------------|
|  | Fair Value                       | Less than<br>1           | 1–5                      | 6–10               | More than<br>10    |
| Corporation—cash                       | <u>\$ 4,169,315</u>              | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>        | <u>\$ -</u>        |
| Corporation investments:               |                                  |                          |                          |                    |                    |
| Investment pools                       | 134,677                          | 134,677                  | -                        | -                  | -                  |
| Money market mutual fund               | 94,627                           | 94,627                   |                          |                    |                    |
| Us government agencies                 | <u>272,980</u>                   | <u>-</u>                 | <u>272,980</u>           | <u>-</u>           | <u>-</u>           |
| Total investments                      | <u>502,284</u>                   | <u>229,304</u>           | <u>272,980</u>           | <u>-</u>           | <u>-</u>           |
| Total cash and investments—corporation | <u><u>\$ 4,671,599</u></u>       | <u><u>\$ 229,304</u></u> | <u><u>\$ 272,980</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

At year-end, the carrying amount of the CDC's deposits was \$4,169,315 and the bank balance was \$4,183,643. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

**NOTE 3. RECEIVABLES**

Receivables as of year end for the City's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| Receivables                       | General                    | Debt Service             | Water and                  | Nonmajor                 | Total                      |
|-----------------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|
|                                   |                            |                          | Sewer                      | and Other<br>Funds       |                            |
| Taxes                             | \$1,701,666                | \$ 250,477               | \$ -                       | \$ -                     | \$ 1,952,143               |
| Franchise                         | 645,107                    | -                        | -                          | -                        | 645,107                    |
| Accounts                          | -                          | -                        | 5,819,144                  | -                        | 5,819,144                  |
| Miscellaneous                     | <u>691,423</u>             | <u>-</u>                 | <u>11,408</u>              | <u>334,270</u>           | <u>1,037,101</u>           |
| Gross receivables                 | 3,038,196                  | 250,477                  | 5,830,552                  | 334,270                  | 9,453,495                  |
| Less: allowance for uncollectible | <u>-</u>                   | <u>-</u>                 | <u>(3,090,952)</u>         | <u>-</u>                 | <u>(3,090,952)</u>         |
| Net total receivables             | <u><u>\$ 3,038,196</u></u> | <u><u>\$ 250,477</u></u> | <u><u>\$ 2,739,600</u></u> | <u><u>\$ 334,270</u></u> | <u><u>\$ 6,362,543</u></u> |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2011 was as follows:

**Primary Government**

|  | Beginning<br>Balance | Increases      | Decreases   | Transfers   | Ending<br>Balance |
|--|----------------------|----------------|-------------|-------------|-------------------|
| Governmental activities:                   |                      |                |             |             |                   |
| Capital assets—not being depreciated:      |                      |                |             |             |                   |
| Land                                       | \$ 15,273,755        | \$ 106,205     | \$ -        | \$ 368,438  | \$ 15,748,398     |
| Construction in progress                   | 2,344,148            | 2,881,956      | -           | (2,145,220) | 3,080,884         |
| Total capital assets—not depreciated       | 17,617,903           | 2,988,161      | -           | (1,776,782) | 18,829,282        |
| Capital assets—being depreciated:          |                      |                |             |             |                   |
| Buildings/facilities                       | 52,311,464           | 1,047,928      | (311,534)   | 123,889     | 53,171,747        |
| Equipment                                  | 9,458,775            | 755,516        | (592,733)   | 13,214      | 9,634,772         |
| Infrastructure                             | 133,174,864          | 453,715        | -           | 1,639,679   | 135,268,258       |
| Water rights                               | 26,284,063           | -              | -           | -           | 26,284,063        |
| Master studies                             | 250,726              | -              | -           | -           | 250,726           |
| Total capital assets—being depreciated     | 221,479,892          | 2,257,159      | (904,267)   | 1,776,782   | 224,609,566       |
| Less accumulated depreciation for:         |                      |                |             |             |                   |
| Buildings/facilities                       | (11,036,490)         | (1,752,417)    | 306,861     | -           | (12,482,046)      |
| Equipment                                  | (6,864,593)          | (793,670)      | 579,181     | -           | (7,079,082)       |
| Infrastructure                             | (39,996,045)         | (3,835,968)    | -           | -           | (43,832,013)      |
| Water rights                               | (14,333,860)         | (489,428)      | -           | -           | (14,823,288)      |
| Master studies                             | (240,092)            | (9,816)        | -           | -           | (249,908)         |
| Total accumulated depreciation             | (72,471,080)         | (6,881,299)    | 886,042     | -           | (78,466,337)      |
| Total capital assets—being depreciated—net | 149,008,812          | (4,624,140)    | (18,225)    | 1,776,782   | 146,143,229       |
| Governmental activities capital assets—net | \$ 166,626,715       | \$ (1,635,979) | \$ (18,225) | \$ -        | \$ 164,972,511    |

Internal service fund capital assets of \$1,782,565 are included in the governmental activities capital assets.

|   | Beginning<br>Balance | Increases    | Decreases      | Transfers | Ending<br>Balance |
|---|----------------------|--------------|----------------|-----------|-------------------|
| Business-type activities:                   |                      |              |                |           |                   |
| Capital assets—not being depreciated:       |                      |              |                |           |                   |
| Land  | \$ 367,764           | \$ -         | \$ -           | \$ -      | \$ 367,764        |
| Construction in progress                    | 1,068,550            | 898,467      | (1,210,404)    | (503,919) | 252,694           |
| Total capital assets—not depreciated        | 1,436,314            | 898,467      | (1,210,404)    | (503,919) | 620,458           |
| Capital assets being depreciated:           |                      |              |                |           |                   |
| Buildings/facilities                        | 578,513              | -            | -              | -         | 578,513           |
| Water systems                               | 41,628,377           | 98,347       | -              | 470,774   | 42,197,498        |
| Sewer systems                               | 22,835,393           | 139,672      | (221,157)      | 33,145    | 22,787,053        |
| Equipment                                   | 2,706,362            | 193,456      | (127,807)      | -         | 2,772,011         |
| Master studies                              | 172,544              | -            | -              | -         | 172,544           |
| Total capital assets being depreciated      | 67,921,189           | 431,475      | (348,964)      | 503,919   | 68,507,619        |
| Less accumulated depreciation for:          |                      |              |                |           |                   |
| Buildings/facilities                        | (392,570)            | (29,147)     | -              | -         | (421,717)         |
| Water systems                               | (8,959,889)          | (857,135)    | -              | -         | (9,817,024)       |
| Sewer systems                               | (5,577,605)          | (593,123)    | 221,157        | -         | (5,949,571)       |
| Equipment                                   | (2,198,515)          | (147,275)    | 127,807        | -         | (2,217,983)       |
| Master studies                              | (159,878)            | (6,333)      | -              | -         | (166,211)         |
| Total accumulated depreciation              | (17,288,457)         | (1,633,013)  | 348,964        | -         | (18,572,506)      |
| Total capital assets—being depreciated—net  | 50,632,732           | (1,201,538)  | -              | 503,919   | 49,935,113        |
| Business-type activities capital assets—net | \$ 52,069,046        | \$ (303,071) | \$ (1,210,404) | \$ -      | \$ 50,555,571     |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

Depreciation expense was charged to functions/programs of the primary government as follows:

|  |                     |
|--|---------------------|
| Governmental activities:   |                     |
| General government   | \$ 696,117          |
| Public safety  | 329,877             |
| Community service  | 862,201             |
| Public works   | 4,413,215           |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 579,889             |
| Total depreciation expense—governmental activities   | <u>\$ 6,881,299</u> |
| Business-type activities—water and sewer   | <u>\$ 1,633,013</u> |

**Construction Commitments**

The City has active construction projects as of September 30, 2011. The projects include street construction in areas of newly developed commercial areas and widening and construction on existing streets, developing city parks and construction of water and sewer facilities and pipelines. At year end, the City's commitments total \$3,409,356, of which \$3,214,418 has been spent to date, with a remaining commitment of \$194,938.

**Discretely Presented Component Units**

Activity for the Economic Development Corporation for the year ended September 30, 2011, was as follows:

|   | Beginning<br>Balance | Increases          | Decreases           | Transfers   | Ending<br>Balance   |
|---|----------------------|--------------------|---------------------|-------------|---------------------|
| Capital assets—not being depreciated:       |                      |                    |                     |             |                     |
| Land  | 1,850,358            | \$ -               | \$ (92,814)         | \$ -        | \$ 1,757,544        |
| Total capital assets- not being depreciated | 1,850,358            | -                  | (92,814)            | -           | 1,757,544           |
| Capital assets—being depreciated:           |                      |                    |                     |             |                     |
| Leasehold improvements                      | 303,289              | -                  | (76,280)            | -           | 227,009             |
| Improvements other than buildings           | 85,962               | -                  | -                   | -           | 85,962              |
| Total capital assets being depreciated      | 389,251              | -                  | (76,280)            | -           | 312,971             |
| Less accumulated depreciation for:          |                      |                    |                     |             |                     |
| Leasehold improvements                      | (63,186)             | (28,195)           | 21,386              | -           | (69,995)            |
| Improvements other than buildings           | (3,868)              | (1,719)            | -                   | -           | (5,587)             |
| Total accumulated depreciation              | (67,054)             | (29,914)           | 21,386              | -           | (75,582)            |
| Total capital assets being depreciated—net  | 322,197              | (29,914)           | (54,894)            | -           | 237,389             |
| EDC Capital assets—net                      | <u>\$ 2,172,555</u>  | <u>\$ (29,914)</u> | <u>\$ (147,708)</u> | <u>\$ -</u> | <u>\$ 1,994,933</u> |

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

Activity for the Community Development Corporation for the year ended September 30, 2011, was as follows:

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|------------------|------------------|---------------------------|
| Capital assets—not being depreciated:<br>Construction in progress | \$ -                         | \$ 157,396       | \$ -             | \$ -             | \$ 157,396                |

CDC capital assets are contributed to the City when completed.

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund receivables and payables as of September 30, 2011, is as follows:

| Due (to) from other funds: |                              |                 |
|----------------------------|------------------------------|-----------------|
| <u>Receivable Fund</u>     | <u>Payable Fund</u>          | <u>Amount</u>   |
| General Fund               | Non-Major Governmental Funds | \$ 7,000        |
|                            |                              | <u>\$ 7,000</u> |

The loan from the General Fund to Non-Major Governmental Funds (Community Development Block Grant Fund) provides the Community Development Block Grant Fund cash to pay for expenditures that will be reimbursed by granting agencies once the requests for reimbursements are processed.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – CONTINUED**

Transfers are used to a) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due and b) to accumulate funds for the retirement of the Joe Pool liability. The transfer activity for the year ended September 30, 2011 is presented in the following schedule:

| Transfers to             | Transfers From      |                       |                     |
|--------------------------|---------------------|-----------------------|---------------------|
|                          | General Fund        | Capital Recovery Fund | Enterprise Fund     |
| Primary government:      |                     |                       |                     |
| Governmental activities: |                     |                       |                     |
| Major funds:             |                     |                       |                     |
| Debt service             | \$ 1,053,840        | \$ -                  | \$ 1,053,840        |
| Joe Pool fund            | <u>1,850,000</u>    | <u>50,000</u>         | <u>-</u>            |
| Total major funds        | <u>2,903,840</u>    | <u>50,000</u>         | <u>1,053,840</u>    |
| Total primary government | <u>\$ 2,903,840</u> | <u>\$ 50,000</u>      | <u>\$ 1,053,840</u> |
|                          |                     |                       | <u>\$ 1,800,000</u> |

The General Fund and the Water and Sewer Fund transfer funds to the Joe Pool Fund in order to accumulate resources to retire the liability resulting from the acquisition of rights to water conservation storage space. This liability is explained in Footnote 6, Other Obligations. The Capital Recovery Fund transferred funds to the Debt Service Fund for payment of debt service.

## Eliminations

Interfund transfers are reported in the governmental and proprietary fund financial statements. In the entity-wide statements, interfund transfers are eliminated within the governmental activities column and business-type column, as appropriate.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 6. LONG-TERM OBLIGATIONS**

**Changes in Long-Term Liabilities**

The following is a summary of transactions affecting long-term liabilities for the year ended September 30, 2011:

|   | Balance<br>October 1,<br>2010 | Increases                  | Retirements/<br>Refundings    | Balance<br>September 30,<br>2011 | Due Within<br>One Year     |
|---|-------------------------------|----------------------------|-------------------------------|----------------------------------|----------------------------|
| <b>Governmental activities:</b>                       |                               |                            |                               |                                  |                            |
| General obligation bonds                              | \$ 56,837,895                 | \$ 14,630,000              | \$ (8,801,275)                | \$ 62,666,620                    | \$ 3,734,345               |
| Certificates of obligation                            | 31,410,000                    | -                          | (9,740,000)                   | 21,670,000                       | 790,000                    |
| Other obligations                                     | <u>59,345,601</u>             | <u>3,372,611</u>           | <u>-</u>                      | <u>62,718,212</u>                | <u>-</u>                   |
| <b>Total bonds payable</b>                            | <b>147,593,496</b>            | <b>18,002,611</b>          | <b>(18,541,275)</b>           | <b>147,054,832</b>               | <b>4,524,345</b>           |
| Unamortized premiums                                  | 798,006                       | 223,578                    | (102,697)                     | 918,887                          | -                          |
| Unamortized discounts                                 | (12,882)                      | -                          | 12,882                        | -                                | -                          |
| Unamortized loss on refunded bonds                    | (234,897)                     | (581,863)                  | 68,699                        | (748,061)                        | -                          |
| Compensated absences                                  | 3,652,023                     | 1,752,246                  | (1,679,229)                   | 3,725,040                        | 1,130,616                  |
| OPEB liability  | 148,307                       | 112,736                    | (59,091)                      | 201,952                          | -                          |
| Police pension liability                              | 7,122                         | 25,642                     | (10,000)                      | 22,764                           | -                          |
| Arbitrage liability                                   | 16,432                        | -                          | (6,187)                       | 10,245                           | -                          |
| Estimated liability for litigation                    | 60,000                        | -                          | -                             | 60,000                           | -                          |
| <b>Total governmental long-term liabilities</b>       | <b><u>152,027,607</u></b>     | <b><u>19,534,950</u></b>   | <b><u>(20,316,898)</u></b>    | <b><u>151,245,659</u></b>        | <b><u>5,654,961</u></b>    |
| <b>Business-type activities:</b>                      |                               |                            |                               |                                  |                            |
| Revenue bonds payable                                 | 10,250,000                    | -                          | (455,000)                     | 9,795,000                        | 470,000                    |
| General obligation bonds payable                      | 2,167,105                     | -                          | (228,725)                     | 1,938,380                        | 235,655                    |
| Unamortized premiums                                  | 58,877                        | -                          | (6,008)                       | 52,869                           | -                          |
| Unamortized discounts                                 | (6,212)                       | -                          | 790                           | (5,422)                          | -                          |
| Unamortized loss on refunded bonds                    | (7,765)                       | -                          | 1,697                         | (6,068)                          | -                          |
| Other long-term liabilities                           | 88,101                        | -                          | (17,620)                      | 70,481                           | 17,620                     |
| Compensated absences                                  | 287,384                       | 187,479                    | (166,257)                     | 308,606                          | 124,668                    |
| <b>Total business-type long-term liabilities</b>      | <b><u>12,837,490</u></b>      | <b><u>187,479</u></b>      | <b><u>(871,123)</u></b>       | <b><u>12,153,846</u></b>         | <b><u>847,943</u></b>      |
| <b>Total primary government long-term liabilities</b> | <b><u>\$164,865,097</u></b>   | <b><u>\$19,722,429</u></b> | <b><u>\$ (21,188,021)</u></b> | <b><u>\$ 163,399,505</u></b>     | <b><u>\$ 6,502,904</u></b> |

Claims, judgments, compensated absences, and OPEB obligations are generally liquidated by the General Fund.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED**

**General Long-Term Liabilities**

General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2011, consist of the following individual issues:

|  | Interest Rates | Balance<br>September 30,<br>2011 |
|--|----------------|----------------------------------|
| <b>General obligation bonds:</b>   |                |                                  |
| \$9,120,000 2002 General Obligation Bonds, due February 15, 2012   | 3.75%          | \$ 415,000                       |
| \$6,550,000 2003A General Obligation Bonds, due February 15, 2023  | 4.00%- 5.00%   | 4,570,000                        |
| \$8,500,000 2004 General Obligation Bonds, due February 15, 2024   | 3.75%- 5.00%   | 6,020,000                        |
| \$8,550,000 2005 General Obligation Refunding Bonds, due February 15, 2020   | 3.50%- 5.00%   | 6,545,000                        |
| \$12,200,000 2005 General Obligation Bonds, due February 15, 2025  | 3.50%- 5.125%  | 9,345,000                        |
| \$3,700,000 2006 General Obligation Bonds, due February 15, 2026   | 4.00%- 4.50%   | 3,095,000                        |
| \$2,300,000 2006A General Obligation Bonds, due February 15, 2026  | 4.00%- 4.50%   | 1,820,000                        |
| \$8,135,000 2007A General Obligation Bonds, due February 15, 2027  | 4.00%- 5.00%   | 7,265,000                        |
| \$7,500,000 2008 General Obligation Bonds, due February 15, 2028   | 3.375%-4.875%  | 6,705,000                        |
| \$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019   | 2.81%          | 4,195,000                        |
| (Ending balance split between governmental activities of \$2,256,620<br>and business-type activities of \$1,938,380) |                |                                  |
| \$14,630,000 2011 General Obligation Refunding Bonds, due February 15, 2028  | 3.00%-5.00%    | <u>14,630,000</u>                |
| <b>Total general obligation bonds</b>  |                | <u>\$ 64,605,000</u>             |
| <b>Certificate of obligation bonds:</b>  |                |                                  |
| Governmental activities:   |                |                                  |
| \$8,800,000 2003A Certificates of Obligation, due February 15, 2012  | 3.70%          | 100,000                          |
| \$12,890,000 2006 Certificates of Obligation, due February 15, 2026  | 4.00%-5.00%    | 11,870,000                       |
| \$2,275,000 2007 Certificates of Obligation, due February 15, 2027   | 4.00%-4.50%    | 1,820,000                        |
| \$8,590,000 2008 Certificates of Obligation, due February 15, 2028   | 4.00%-4.25%    | <u>7,880,000</u>                 |
| <b>Total certificate of obligation bonds</b>   |                | <u>\$ 21,670,000</u>             |
| <b>Revenue bonds:</b>  |                |                                  |
| Business-type activities:  |                |                                  |
| \$3,000,000 2004 Waterworks and Sewer System Revenue Bonds,<br>due April 1, 2024                                     | 3.50%- 4.75%   | 2,155,000                        |
| \$3,000,000 2006 Waterworks and Sewer System Revenue Bonds,<br>due April 1, 2026                                     | 4.00%-4.60%    | 2,465,000                        |
| \$3,000,000 2007 Waterworks and Sewer System Revenue Bonds,<br>due April 1, 2027                                     | 4.00%-5.00%    | 2,535,000                        |
| \$3,000,000 2008 Waterworks and Sewer System Revenue Bonds,<br>due April 1, 2028                                     | 3.50%-5.00%    | <u>2,640,000</u>                 |
| <b>Total revenue bonds</b>   |                | <u>\$ 9,795,000</u>              |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED**

**General Long-Term Liabilities – Continued**

Annual requirements to amortize the long-term debt as of September 30, 2011, are as follows:

| Year Ending<br>September 30  | Governmental Activities     |                      |                                     |                     |                      |                       |  |  |
|------------------------------|-----------------------------|----------------------|-------------------------------------|---------------------|----------------------|-----------------------|--|--|
|                              | General<br>Obligation Bonds |                      | Certificates of<br>Obligation Bonds |                     | Other<br>Obligations |                       |  |  |
|                              | Principal                   | Interest             | Principal                           | Interest            | Principal            | Interest              |  |  |
| 2012                         | \$ 3,734,345                | \$ 2,505,633         | \$ 790,000                          | \$ 935,079          | \$ -                 | \$ -                  |  |  |
| 2013                         | 3,977,415                   | 2,365,554            | 720,000                             | 905,029             | -                    | -                     |  |  |
| 2014                         | 3,775,860                   | 2,219,514            | 1,105,000                           | 868,529             | -                    | -                     |  |  |
| 2015                         | 4,231,240                   | 2,062,193            | 1,150,000                           | 823,429             | -                    | -                     |  |  |
| 2016                         | 4,427,000                   | 1,890,998            | 1,195,000                           | 775,635             | -                    | -                     |  |  |
| 2017-2021                    | 22,900,760                  | 6,750,861            | 6,800,000                           | 3,063,123           | -                    | -                     |  |  |
| 2022-2026                    | 16,560,000                  | 2,384,740            | 8,520,000                           | 1,335,715           | -                    | -                     |  |  |
| 2027-2029                    | 3,060,000                   | 129,563              | 1,390,000                           | 56,506              | -                    | -                     |  |  |
| 2046                         | -                           | -                    | -                                   | -                   | 62,718,212           | 371,365,334           |  |  |
| Total principal and interest | <u>\$ 62,666,620</u>        | <u>\$ 20,309,056</u> | <u>\$ 21,670,000</u>                | <u>\$ 8,763,045</u> | <u>\$ 62,718,212</u> | <u>\$ 371,365,334</u> |  |  |

| Year Ending<br>September 30  | Business-Type Activities |                     |                          |                   |  |  |
|------------------------------|--------------------------|---------------------|--------------------------|-------------------|--|--|
|                              | Revenue Bonds            |                     | General Obligation Bonds |                   |  |  |
|                              | Principal                | Interest            | Principal                | Interest          |  |  |
| 2012                         | \$ 470,000               | \$ 417,670          | \$ 235,655               | \$ 51,158         |  |  |
| 2013                         | 490,000                  | 399,611             | 242,585                  | 44,438            |  |  |
| 2014                         | 510,000                  | 379,876             | 254,140                  | 37,459            |  |  |
| 2015                         | 530,000                  | 358,423             | 258,760                  | 30,253            |  |  |
| 2016                         | 555,000                  | 335,600             | 268,000                  | 22,852            |  |  |
| 2017-2021                    | 3,155,000                | 1,294,664           | 679,240                  | 23,956            |  |  |
| 2022-2026                    | 3,450,000                | 535,803             | -                        | -                 |  |  |
| 2027-2028                    | 635,000                  | 26,088              | -                        | -                 |  |  |
| Total principal and interest | <u>\$ 9,795,000</u>      | <u>\$ 3,747,735</u> | <u>\$ 1,938,380</u>      | <u>\$ 210,116</u> |  |  |

The City issued the following debt during the fiscal year: \$14,630,000 in General Obligation Refunding Bonds to refund the General Obligation Bond Series 2002, the Certificates of Obligation Bonds Series 2003 and the Certificates of Obligation Bonds Series 2003A. The refund was undertaken to reduce total debt service payments by \$963,571 that will result in an economic gain of \$705,498.

**Revenue Bond Compliance**

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinance. The ordinance provides that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinance also contains provisions that, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. The City is in compliance with all significant requirements.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED**

**Other Obligations**

On April 26, 1975, the City, along with the Cities of Grand Prairie and Duncanville and the Midlothian Water District, entered into a contract with the Trinity River Authority of Texas (the Authority) to purchase rights to water conservation storage space in Lakeview Reservoir (Joe Pool Lake) (the Reservoir). The City's share is 43.21% of the total contract.

Payments to the Authority for water purchases under the contract are to commence when water is diverted from the Reservoir but no later than ten years from the date of completion of the project. The Reservoir was completed on January 6, 1986, and the first payment to the Authority was due on January 8, 1996, at which time interest began accruing.

The City's portion of the original contractual liability, as amended, amounted to \$26,284,063 and bears interest at 5.683%. According to the contract terms, each annual payment is to be made in 12 equal installments, each due and payable on or before the tenth day of the month. All payments, if not paid when due, bear interest at 5.683% per annum, if no water was diverted by that date. The City accrued an amount of \$3,372,611 for the interest accrued and not paid for the year ended September 30, 2011, which increased the long-term debt liability to the current balance of \$62,718,212. As allowed by the agreement, the City opted not to make payments but is accruing interest until the liability is paid. The City has set aside funds and has plans to pay off the liability by 2046.

Other obligations consist of a contractual liability to a developer for participation in the construction of water and sewer lines. Annual payments of \$17,620 are due until the obligation is paid. At September 30, 2011, the City owed the developer \$70,481.

**Component Units**

The debt of the Community Development Corporation, a discretely presented component unit, is comprised of the following:

|                                    | <u>Balance<br/>October 1,<br/>2010</u> | <u>Increases</u> | <u>Retirements</u>  | <u>Balance<br/>September 30,<br/>2011</u> | <u>Due Within<br/>One Year</u> |
|------------------------------------|--|------------------|---------------------|---|--------------------------------|
| <b>Governmental activities:</b>    |  |                  |                     |   |                                |
| Sales Tax Revenue Bonds            | \$ 1,000,000                           | \$ -             | \$ (235,000)        | \$ 765,000                                | \$ 245,000                     |
| Unamortized premiums               | 1,202                                  | -                | (521)               | 681                                       | -                              |
| Compensated absences               | 74,727                                 | 64,943           | (56,864)            | 82,806                                    | 38,437                         |
| <b>Total long-term liabilities</b> | <b>\$ 1,075,929</b>                    | <b>\$ 64,943</b> | <b>\$ (292,385)</b> | <b>\$ 848,487</b>                         | <b>\$ 283,437</b>              |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED**

**Component Units – Continued**

The annual requirements to amortize the long-term debt of the component unit as of September 30, 2011, are as follows:

| Year Ending<br>September 30  | Community Development<br>Corporation<br>Revenue Bonds |                  |
|------------------------------|---|------------------|
|                              | Principal   | Interest         |
| 2012                         | \$ 245,000  | \$ 22,672        |
| 2013                         | 250,000   | 14,163           |
| 2014                         | 270,000   | 4,894            |
| Total principal and interest | <u>\$ 765,000</u>                                     | <u>\$ 41,729</u> |

The debt of the Economic Development Corporation, a discretely presented component unit, is comprised of the following:

|                      | Balance<br>October 1,<br>2010 |             |             | Balance<br>September 30,<br>2011 | Due Within<br>One Year |
|----------------------|-------------------------------|-------------|-------------|----------------------------------|------------------------|
|                      | Increases                     | Retirements |             |                                  |                        |
| Compensated absences | \$ 45,108                     | \$ 23,732   | \$ (20,800) | \$ 48,040                        | \$ 12,805              |

The CDC has entered into an agreement with the City to provide the funds, contingent on the CDC's collection of sales taxes, to amortize the City's \$8,800,000 2003A Certificates of Obligation and related interest for the construction and equipping of a recreation center. In fiscal year 2006, the EDC entered into an agreement with the City to provide funds to amortize the City's \$12,890,000 Certificates of Obligation and related interest for the construction of roads and drainage facilities to support the Uptown Village retail center.

These agreements are classified as voluntary non-exchange transactions. Payments by the CDC and EDC require the existence of available resources and an annual appropriation by the Boards of the CDC and EDC.

**Cedar Hill Industrial Development Corporation**

The Cedar Hill Industrial Development Corporation (CHIDC) was organized in December 1979 by the City under the Development Corporation Act of 1979. CHIDC issues tax-exempt revenue bonds for the development of local industry to secure the advantages of balanced and increased employment and an improved economic position, and to provide for a broader tax base. The City Council appoints the Board of Directors of CHIDC. The CHIDC does not have assets, liabilities, revenues, expenditures, or conduit debt as of September 30, 2011, to be included as a component unit.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 7. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and other natural disasters. During fiscal 2011, the City purchased general liability, property and workers' compensation insurance coverage from Texas Municipal League Risk Pool (TML). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain risk of losses. There was no change in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

**Trinity River Authority of Texas**

The City contracts with Trinity River Authority of Texas (TRA), an agency of the State of Texas, whereby TRA finances, constructs, operates and maintains water and sewage transportation and treatment facilities for the benefit of the City. The current contracts are extended through the date at which all bonds mature. The City makes payments monthly, which are based on an estimate of its share of costs. In prior years, TRA has calculated this estimate on an annual basis and made adjustments for over/under charges in the City's next fiscal year. Effective December 1, 1992, TRA changed its billing methodology to adjust its estimate eight months into the City's fiscal year which should reduce over/under charges but may not fully eliminate them. The City's fiscal year for when the adjustments are reported and the City's fiscal year for when the services were provided may differ because of these adjustments and because TRA's fiscal year differs from the City's, as indicated by the schedule below:

|  |                     |
|--|---------------------|
| Regular monthly expenses for October 1, 2010 to September 30, 2011 | \$ 5,157,202        |
| TRA adjustment for prior-year settlement                           | <u>(516,235)</u>    |
| Sewage treatment and water system facility expenses                | <u>\$ 4,640,967</u> |

**State and Federal Programs**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, the disallowed cost, if any, would not be material.

**Other Contingencies**

There are other claims and pending actions incident to normal operations of the City. In the opinion of the City management, the City's potential liability in these matters will not have a material impact on the financial statements.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Plan Descriptions**

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 842 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2010, valuations are contained in the 2010 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P.O. Box 149153, Austin, Texas 78714-9153.

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

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of December 31, 2010)

|                                    |         |
|------------------------------------|---------|
| Deposit Rate:                      | 7%      |
| Matching Ratio (City to employee): | 2-1     |
| A member is vested after           | 5 years |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

**Contributions**

The contribution rate for an employee is 7%, and the City matching ratio is currently 2 to 1, as adopted by the City Council. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2008 valuation is effective for the rates beginning January 2010).

**Annual Pension Costs**

Contributions by the City were \$2,366,546 or 13.23% of the covered payroll of \$17,883,868 as required by the actuarial valuation. Plan participants contributed \$1,174,534. The total fiscal year 2011 payroll was \$16,692,387. Annual City pension cost and related information for the last three years is as follows:

| <u>Actuarial Information</u>   | FY 2010-2011               | FY 2009-2010               | FY 2008-2009               |
|--|----------------------------|----------------------------|----------------------------|
|  | 12/31/2010                 | 12/31/2009                 | 12/31/2008                 |
| Actuarial cost method  | Projected Unit Credit      | Projected Unit Credit      | Projected Unit Credit      |
| Amortization method  | Level %                    | Level %                    | Level %                    |
| Amortization period  | 27.2 years-closed period   | 28 years-closed period     | 29 years-closed period     |
|  | 10-year                    | 10-year                    | 10-year                    |
| Asset valuation method   | Smoothed Market            | Smoothed Market            | Smoothed Market            |
| Assumptions  |                            |                            |                            |
| Investment return  | 7.0%                       | 7.5%                       | 7.5%                       |
| Projected salary increases   | varies by age and services | varies by age and services | varies by age and services |
| Inflation  | 3.0%                       | 3.0%                       | 3.0%                       |
| Cost-of-living adjustment  | 2.1% (3.0% CPI)            | 2.1% (3.0% CPI)            | 2.1% (3.0% CPI)            |
| City specific assumptions  |                            |                            |                            |
| Payroll growth assumption  | 3.0%                       | 3.0%                       | 3.0%                       |
| Withdrawal rates for Male/Female (low, mid/low, mid, mid/high or high) | Mid-Low/Mid                | Mid-Low/Mid                | Mid-Low/Mid                |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

**Annual Pension Costs**

Schedule of Funding Information

|   | FY 2010-2011<br>12/31/2010 | FY 2009-2010<br>12/31/2009 | FY 2008-2009<br>12/31/2008 | FY 2007-2008<br>12/31/2007 | FY 2006-2007<br>12/31/2006 |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Actuarial valuation date                                  |                            |                            |                            |                            |                            |
| Actuarial Value of Assets                                 | \$46,695,631               | \$31,571,105               | \$28,113,719               | \$25,541,227               | \$22,546,333               |
| Actuarial Accrued Liability                               | \$62,239,252               | \$47,566,744               | \$43,481,703               | \$39,356,799               | \$29,083,410               |
| Unfunded (Over-funded) Actuarial Accrued Liability (UAAL) | \$15,543,621               | \$15,995,639               | \$15,367,984               | \$13,815,572               | \$6,537,077                |
| Funded ratio  | 75.0%                      | 66.4%                      | 64.7%                      | 64.9%                      | 77.5%                      |
| Annual Covered Payroll                                    | \$17,883,868               | \$17,131,245               | \$16,764,181               | \$14,856,820               | \$13,182,997               |
| UAAL as a Percentage of Covered Payroll                   | 86.9%                      | 93.4%                      | 91.7%                      | 93.0%                      | 49.6%                      |

The City's net pension obligation (NPO) for TMRS at December 31, 2010, 2009 and 2008 is calculated as follows:

| Actuarial valuation date:               | December 31          |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | FY 2010-2011<br>2010 | FY 2009-2010<br>2009 | FY 2008-2009<br>2008 |
|   | \$ -                 | \$ -                 | \$ -                 |
| NPO, beginning of the year              | \$ -                 | \$ -                 | \$ -                 |
| Annual pension cost:                    |                      |                      |                      |
| Annual required contribution (ARC)      | 3,571,408            | 3,412,360            | 3,205,204            |
| Contributions Made                      | (3,571,408)          | (3,412,360)          | (3,205,204)          |
| Percentage of pension costs contributed | 100%                 | 100%                 | 100%                 |
| NPO , end of the year                   | \$ -                 | \$ -                 | \$ -                 |

**Supplemental Death Benefit Fund**

The City contributes to a cost-sharing multiple-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a separate trust administered by the TMRS Board of Trustees and is a voluntary program in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. 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.

Contributions are made monthly based on the covered payroll of employee members of the City. The contractually required contribution rate is determined annually, and the rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund described above. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of the plan is to assure adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you go basis;

## **NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

### **Supplemental Death Benefit Fund – Continued**

any excess contributions and investment income over payments then become net assets available for postemployment benefits other than pension benefits (OPEB). The City's contributions to SDBF for the fiscal years ended September 30, 2011, 2010, and 2009, were \$30,328, \$29,843, and \$29,114, respectively, which equaled the required contributions each year.

Payments from this fund are similar to group term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump sum payment approximately equal to the employee's annual salary.

The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. The obligations of this plan are payable only from the SDBF and are not an obligation of, or claim against, the Pension Trust Fund.

### **Reserve Police Department Defined Benefit Plan**

The City provides pension benefits to its volunteer police reserves upon retirement. The City Council establishes plan provisions, is authorized to amend them and acts as the plan administrator. The plan became effective October 1, 1993. Police reserves do not receive a salary, and therefore, there is no covered payroll related to the plan. Police reserves are eligible to participate in the plan if they are at least 15 years old and provided the City with 192 hours of volunteer service per year as a police reserve. Under the plan, the normal retirement age is 55 with ten years of service required. Service is measured by years of service. The reserve officers are not required to contribute to the plan. The normal retirement pension payable to a retirement participant is \$144 per month with a guaranteed minimum of 120 months. Participants are 100% vested with a minimum of ten years of vesting service. A year of vesting is credited for each year during which the participant is credited with 192 hours of service. As of September 30, 2011, the City had two active members of the plan and seven retirees receiving benefits. The actuarial assumptions included 1) actuarial cost method – projected unit credit, 2) inflation rate – no inflation rate, 3) investment return – 5%, 4) projected salary increases – none (plan participants are volunteers and receive no salary), and 5) post-retirement benefit increases – none. The plan is a single employer defined benefit plan. The plan does not prepare a separate, audited pension plan report.

The financial statements of the plan are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide contributions is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial method used for valuing assets of the pension plan is market value. The Plans unfunded actuarial liability is being amortized using the level dollar closed method over a period of 5 years. All plan investments are reported at fair value. Plan administration fees are funded by the City through an annual contribution. The City obtains an actuarial study every other year for this plan, and as a result trend information has been presented only for the period through the last study, (October 1, 2011).

## NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

### Reserve Police Department Defined Benefit Plan – Continued

| Actuarial Valuation Date                            | October 1,         |                    |                    |                    |                   |                 |                  |                  |
|---|--------------------|--------------------|--------------------|--------------------|-------------------|-----------------|------------------|------------------|
|   | 2004               | 2005               | 2006               | 2007               | 2008              | 2009            | 2010             | 2011             |
| Annual pension cost                                 | \$ 4,498           | \$ 4,724           | \$ 6,294           | \$ 2,095           | \$ 6,708          | \$ 12,976       | \$ 17,581        | \$ 20,314        |
| Net pension obligation (NPO) at beginning of period | (12,338)           | (22,665)           | (23,927)           | (17,633)           | (15,538)          | (8,830)         | 4,146            | 11,914           |
| Annual pension cost:                                |                    |                    |                    |                    |                   |                 |                  |                  |
| Annual required contribution (ARC)                  | 4,498              | 4,724              | 6,294              | 2,095              | 6,708             | 12,976          | 17,581           | 20,314           |
| Interest on NPO                                     | -                  | -                  | -                  | -                  | -                 | -               | 187              | 536              |
| Contributions made                                  | (14,825)           | (5,986)            | -                  | -                  | -                 | -               | (10,000)         | (10,000)         |
| NPO (NPA) at the end of the period                  | <u>\$ (22,665)</u> | <u>\$ (23,927)</u> | <u>\$ (17,633)</u> | <u>\$ (15,538)</u> | <u>\$ (8,830)</u> | <u>\$ 4,146</u> | <u>\$ 11,914</u> | <u>\$ 22,764</u> |
| Percentage of annual pension costs contributed      | 330%               | 127%               | 0%                 | 0%                 | 0%                | 0%              | 57%              | 49%              |

The funded status of the plan as of the latest actuarial valuation (October 1, 2011) is disclosed below.

| Actuarial Valuation Date                    | OCT 01<br>2011 |
|---|----------------|
| Actuarial value of assets                   | \$ 83,232      |
| Actuarial accrued liability                 | 208,324        |
| Percentage funded                           | 40.0%          |
| Unfunded actuarial accrued liability (UAAL) | 125,092        |
| Annual covered payroll                      | N/A            |
| UAAL as a percentage of covered payroll     | N/A            |

The net pension asset at September 30, 2011, is calculated as follows:

|  |                  |
|--|------------------|
| Annual required contribution (ARC)         | \$ 20,314        |
| Interest on prior year's net pension asset | 536              |
| Adjustment to the ARC                      | -                |
| Annual pension cost                        | 20,850           |
| Contributions made                         | 10,000           |
| Decrease in net pension asset              | (10,850)         |
| Net pension liability—beginning of year    | 11,914           |
| Net pension liability—end of year          | <u>\$ 22,764</u> |

## **NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

### **Reserve Police Department Defined Benefit Plan – Continued**

The net pension liability is included as a non-current liability due in more than one year in the statement of net assets.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

## **NOTE 10. OTHER POST EMPLOYMENT BENEFITS**

### **A. Plan Description**

The City provides post-employment medical care (OPEB) for employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which cover both active and retired members. The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

### **B. Benefits Provided**

The City provides post-employment medical and dental care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for coverage, an employee must qualify under all three of the following:

1. The retiree must have been covered for medical benefits under the City Health Plan as an employee immediately prior to termination of employment.
2. The retiree must apply for pension benefits from TMRS in accordance with TMRS requirements and deadlines, but in no event later than ninety days from termination of employment; and;
3. The retiree must enroll for retiree Health coverage within thirty-one days of the date of termination.

All medical care benefits are provided through the City's health plan. The benefit levels are the same as those afforded to active employees.

As of September 30, 2011, membership consisted of:

|  |            |
|--|------------|
| Retirees and beneficiaries receiving benefits                    | 9          |
| Terminated employees eligible for benefits, but not yet enrolled | 0          |
| Active employees   | 319        |
| Total  | <u>328</u> |

## **NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

### **C. Funding Policy**

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving medical benefits contribute \$417 per month for retiree-only coverage, \$667 for employee and children, \$793 per month for retiree and spouse and \$1,146 per month for retiree and family. The City is currently funding the OPEB liability on a pay-as-you-go basis. This basis has been recommended since 1) this provides the lowest cost approach and 2) the ARC is relatively small in comparison to the City's overall budget.

### **D. Annual OPEB Cost**

The City's annual OPEB cost is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

The City's annual OPEB cost for the current year, preceding year and the related information are as follows:

|  | <b>2011</b>              | <b>2010</b>              |
|--|--------------------------|--------------------------|
| Annual required contribution               | \$ 107,674               | \$ 119,697               |
| Interest on prior year Net OPEB obligation | 6,752                    | 3,550                    |
| Adjustment to annual required contribution | <u>(1,690)</u>           | <u>(3,550)</u>           |
| Annual OPEB cost                           | 112,736                  | 119,697                  |
| Contributions made                         | <u>59,091</u>            | <u>50,280</u>            |
| Increase in net OPEB obligation            | 53,645                   | 69,417                   |
| Net Obligation - beginning of year         | <u>148,307</u>           | <u>78,890</u>            |
| Net Obligation - end of year               | <u><u>\$ 201,952</u></u> | <u><u>\$ 148,307</u></u> |
| Percentage of OPEB costs contributed       | 52%                      | 42%                      |

## NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

### D. Annual OPEB Cost – Continued

The funded status of the plan as of actuarial measurement date of October 31, 2010, was as follows:

|  |                   |
|--|-------------------|
| Actuarial accrued liability  | \$ 931,907        |
| Actuarial value of plan assets   | <hr/> -           |
| Unfunded actuarial accrued liability                                       | <u>\$ 931,907</u> |
|  |                   |
| Funded ratio   | 0.0%              |
| Covered payroll  | 17,883,868        |
| Unfunded actuarial accrued liability<br>as a percentage of covered payroll | 5.2%              |

### E. Actuarial Methods and Assumptions

Projections of benefits are based on a substantive plan (the plan understood by the employer and plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefits between the City and the plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

In the October 31, 2010, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.00% initially, reduced by decrements to an ultimate rate of 4.50% after ten years. The rate of inflation is assumed to be 3.00%. The amortization method used was level percentage of active member payroll. The amortization period is 30 years using an open basis.

Actuarial valuations involve estimates of the value of reported amounts and assumptions and probability of events in the future. Amounts determined regarding the status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

## **NOTE 11. REGIONAL DISPATCH CENTER**

The City entered into an annually renewable Interlocal Cooperation agreement with the Cities of DeSoto and Duncanville (participating cities) on August 10, 1999, to establish a Regional Public Safety Dispatch and Alarm Monitoring Facility (the Center). The Center provides police, fire and emergency medical service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2011, the City contributed \$916,906 to the operations of the Center, which is accounted for in the general fund.

The City has a one-third share in the equity of the Center, which is included in the government-wide statement of net assets as other assets. At September 30, 2011, the City's investment in the Center is \$623,597.

## **NOTE 12. SUBSEQUENT EVENTS**

The City has evaluated all events or transactions that occurred after September 30, 2011, up through April 30, 2012, the date the financial statements were available to be issued and concludes there are no subsequent events requiring recognition or disclosure.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CEDAR HILL, TEXAS****EXHIBIT E-1****SCHEDULE OF PENSION FUNDING PROGRESS – TMRS PLAN (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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| <b>Actuarial Valuation Date</b>             | <b>December</b> |               |               |               |               |
|---|-----------------|---------------|---------------|---------------|---------------|
|   | <b>2006</b>     | <b>2007</b>   | <b>2008</b>   | <b>2009</b>   | <b>2010</b>   |
| Actuarial value of assets                   | \$ 22,546,333   | \$ 25,541,227 | \$ 28,113,719 | \$ 31,571,105 | \$ 46,695,631 |
| Actuarial accrued liability                 | 29,083,410      | 39,356,799    | 43,481,703    | 47,566,744    | 62,239,252    |
| Percentage funded                           | 77.5%           | 64.9%         | 64.7%         | 66.4%         | 75.0%         |
| Unfunded actuarial accrued liability (UAAL) | 6,537,077       | 13,815,572    | 15,367,984    | 15,995,639    | 15,543,621    |
| Annual covered payroll                      | 13,182,997      | 14,856,820    | 16,764,181    | 17,131,245    | 17,883,868    |
| UAAL as a percentage of covered payroll     | 49.6%           | 93.0%         | 91.7%         | 93.4%         | 86.9%         |

**CITY OF CEDAR HILL, TEXAS**  
**SCHEDULE OF PENSION FUNDING PROGRESS –**  
**RESERVE POLICE DEPARTMENT PLAN (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT E-2**

| Actuarial Valuation Date                    | October 1, |           |           |           |           |           |           |           |
|---|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | 2004       | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011      |
| Actuarial value of assets                   | \$ 228,340 | \$259,140 | \$258,003 | \$302,139 | \$176,590 | \$117,260 | \$102,692 | \$ 83,232 |
| Actuarial accrued liability                 | 134,018    | 134,341   | 136,726   | 181,223   | 207,897   | 205,320   | 210,956   | 208,324   |
| Percentage funded                           | 170.4%     | 192.9%    | 188.7%    | 166.7%    | 84.9%     | 57.1%     | 48.7%     | 40.0%     |
| Unfunded actuarial accrued liability (UAAL) | -          | -         | -         | -         | 31,307    | 88,060    | 108,264   | 125,092   |
| Annual covered payroll                      | N/A        | N/A       | N/A       | N/A       | N/A       | N/A       | N/A       | N/A       |
| UAAL as a percentage of covered payroll     | N/A        | N/A       | N/A       | N/A       | N/A       | N/A       | N/A       | N/A       |
| Annual required contribution (ARC)          | 4,498      | 4,724     | 6,294     | 2,095     | 6,708     | 12,976    | 17,581    | 20,314    |
| Employer's Contribution                     | \$ 14,825  | \$ 5,986  | \$ -      | \$ -      | \$ -      | \$ -      | \$ 10,000 | \$ 10,000 |
| Percentage of ARC contributed               | 330%       | 127%      | 0%        | 0%        | 0%        | 0%        | 57%       | 49%       |

**CITY OF CEDAR HILL, TEXAS**  
**SCHEDULE OF CITY OF CEDAR HILL EMPLOYEES**  
**OTHER POST EMPLOYMENT BENEFITS PLAN**  
**ANALYSIS OF FUNDING PROGRESS**  
**(UNAUDITED)**

**EXHIBIT E-3**

| Fiscal<br>Year | (1)<br>Actuarial<br>Value<br>of Assets | (2)<br>Actuarial<br>Accrued<br>Liability | (3)<br>Percentage<br>Funded<br>(1) / (2) | (4)<br>Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(2)-(1) |               | (5)<br>Annual<br>Covered<br>Payroll<br>(4) / (5) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>as a<br>Percentage<br>of Covered<br>Payroll |
|----------------|--|--|--|---|---------------|--|--|
|                |  |  |  | Actuarial   | Accrued       |  |  |
| 2007           | -                                      | N/A                                      | N/A                                      | N/A   | N/A           | N/A  | N/A  |
| 2008           | -                                      | N/A                                      | N/A                                      | N/A   | N/A           | N/A  | N/A  |
| 2009           | -                                      | \$ 1,078,762                             | 0.00%                                    | \$ 1,078,762  | \$ 16,764,181 | 6.4%   |  |
| 2010           | -                                      | \$ 1,078,762                             | 0.00%                                    | \$ 1,078,762  | \$ 17,131,245 | 6.3%   |  |
| 2011           | -                                      | \$ 931,907                               | 0.00%                                    | \$ 931,907  | \$ 17,883,868 | 5.2%   |  |

\*As of March 31, 2008, the date of the actuarial valuation

See accompanying independent auditor's report

**CITY OF CEDAR HILL, TEXAS  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT E-4**

|  | <b>Budgeted Amounts</b> |                   |                          | <b>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</b> |
|--|-------------------------|-------------------|--------------------------|---|
|  | <b>Original</b>         | <b>Final</b>      | <b>Actual<br/>Amount</b> |   |
|  |                         |                   |                          |   |
| <b>REVENUES</b>                                      |                         |                   |                          |   |
| Taxes  | \$ 19,724,940           | \$ 19,724,940     | \$ 19,764,086            | \$ 39,146   |
| Franchise fees                                       | 3,033,000               | 3,033,000         | 3,188,430                | 155,430   |
| Licenses and permits                                 | 574,000                 | 574,000           | 520,502                  | (53,498)  |
| Intergovernmental                                    | 553,615                 | 1,671,185         | 1,431,914                | (239,271)   |
| Charges for services                                 | 2,510,150               | 2,510,150         | 2,475,558                | (34,592)  |
| Fines and forfeitures                                | 647,000                 | 647,000           | 992,401                  | 345,401   |
| Investment earnings                                  | 296,600                 | 296,600           | 97,103                   | (199,497)   |
| Miscellaneous  | 255,000                 | 312,565           | 334,048                  | 21,483  |
| <b>Total revenues</b>                                | <b>27,594,305</b>       | <b>28,769,440</b> | <b>28,804,042</b>        | <b>34,602</b>   |
| <b>EXPENDITURES</b>                                  |                         |                   |                          |   |
| Current Expenditures:                                |                         |                   |                          |   |
| General administration                               | 4,232,355               | 4,243,670         | 4,205,476                | 38,194  |
| Public works   | 1,947,350               | 1,947,350         | 1,908,853                | 38,497  |
| Public safety  | 18,533,425              | 18,711,880        | 18,269,565               | 442,315   |
| Community services                                   | 3,719,630               | 3,759,285         | 3,657,304                | 101,981   |
| Capital Expenditures:                                |                         |                   |                          |   |
| Public works   | -                       | 1,100,690         | 1,100,688                | 2   |
| Public safety  | 207,500                 | 231,755           | 75,396                   | 156,359   |
| <b>Total expenditures</b>                            | <b>28,640,260</b>       | <b>29,994,630</b> | <b>29,217,282</b>        | <b>777,348</b>  |
| Excess (deficiency) of revenues<br>over expenditures | (1,045,955)             | (1,225,190)       | (413,240)                | 811,950   |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                   |                          |   |
| Transfer in  | 55,445                  | 55,445            | -                        | (55,445)  |
| Transfer out   | -                       | -                 | (50,000)                 | (50,000)  |
| <b>Total other financing sources (uses)</b>          | <b>\$ 55,445</b>        | <b>\$ 55,445</b>  | <b>(50,000)</b>          | <b>\$ (105,445)</b>   |
| Net change in fund balances                          | (990,510)               | (1,169,745)       | (463,240)                | 706,505   |
| Fund balances, beginning of year                     |                         |                   | 7,812,224                |   |
| Fund balances, end of year                           |                         |                   | <b>\$ 7,348,984</b>      |   |

**CITY OF CEDAR HILL, TEXAS  
JOE POOL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT E-5**

|  | <u>Original</u>     | <u>Final</u>        | <u>Actual</u>        | <b>Variance with<br/>Final Budget—<br/>Positive<br/>(Negative)</b> |
|--|---------------------|---------------------|----------------------|--|
| <b>REVENUES—Investment earnings</b>  | <u>\$ 600,000</u>   | <u>\$ 600,000</u>   | <u>\$ 4,032,950</u>  | <u>\$ 3,432,950</u>  |
| <b>Total revenues</b>  | <u>600,000</u>      | <u>600,000</u>      | <u>4,032,950</u>     | <u>3,432,950</u>   |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                     |                     |                      |  |
| Transfer in  | <u>1,850,000</u>    | <u>1,850,000</u>    | <u>1,850,000</u>     | <u>-</u>   |
| <b>Total other financing sources (uses)</b>  | <u>1,850,000</u>    | <u>1,850,000</u>    | <u>1,850,000</u>     | <u>-</u>   |
| <b>EXCESS OF REVENUES AND OTHER FINANCING<br/>SOURCES OVER EXPENDITURES AND OTHER USES</b> | <u>\$ 2,450,000</u> | <u>\$ 2,450,000</u> | <u>5,882,950</u>     | <u>\$ 3,432,950</u>  |
| <b>FUND BALANCE—Beginning of year</b>  |                     |                     | <u>33,303,314</u>    |  |
| <b>FUND BALANCE—End of year</b>  |                     |                     | <u>\$ 39,186,264</u> |  |

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**1. BUDGETARY INFORMATION**

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

1. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
4. The City Manager has the authority to transfer appropriation balances from one expenditure account to another within a single fund. The City Council, however, must approve any transfer of unencumbered appropriation balances or portions thereof from one fund to another as well as any increases in fund appropriations. All appropriations lapse at the end of the fiscal year.
5. Annual budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
6. The budgetary data presented has been amended from the original budget by the City Council.



## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF CEDAR HILL, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2011**

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|   | <b>Nonmajor Special Revenue Funds</b> |                            |                         |                                       |
|---|---------------------------------------|----------------------------|-------------------------|---------------------------------------|
|   | <b>Police<br/>Forfeiture</b>          | <b>Hotel<br/>Occupancy</b> | <b>Library<br/>Fund</b> | <b>Comm.<br/>Dev. Block<br/>Grant</b> |
| <b>ASSETS</b>   |                                       |                            |                         |                                       |
| Cash and cash equivalents   | \$ 143,004                            | \$ 499,294                 | \$ 64,273               | \$ 429                                |
| Receivables (net, where applicable, of allowances for uncollectibles) | -                                     | 21,822                     | -                       | 6,571                                 |
| Prepaid items   | -                                     | 4,113                      | -                       | -                                     |
| <b>Total assets</b>   | <b>\$ 143,004</b>                     | <b>\$ 525,229</b>          | <b>\$ 64,273</b>        | <b>\$ 7,000</b>                       |
| <b>LIABILITIES</b>  |                                       |                            |                         |                                       |
| Accounts payable  | \$ 6,234                              | \$ 3,384                   | \$ -                    | \$ -                                  |
| Accrued liabilities   | 117,786                               | -                          | -                       | -                                     |
| Due to other funds  | -                                     | -                          | -                       | 7,000                                 |
| Deferred revenue  | -                                     | -                          | -                       | -                                     |
| <b>Total liabilities</b>  | <b>124,020</b>                        | <b>3,384</b>               | <b>-</b>                | <b>7,000</b>                          |
| <b>FUND BALANCES</b>  |                                       |                            |                         |                                       |
| Nonspendable- prepaids and inventory                                  | -                                     | 4,113                      | -                       | -                                     |
| Restricted for:   |                                       |                            |                         |                                       |
| Construction  | -                                     | -                          | -                       | -                                     |
| PID use   | -                                     | -                          | -                       | -                                     |
| Tourism   | -                                     | 517,732                    | -                       | -                                     |
| Police  | 18,984                                | -                          | -                       | -                                     |
| Committed for:  |                                       |                            |                         |                                       |
| Library   | -                                     | -                          | 64,273                  | -                                     |
| Landscaping   | -                                     | -                          | -                       | -                                     |
| Construction  | -                                     | -                          | -                       | -                                     |
| Building maintenance  | -                                     | -                          | -                       | -                                     |
| <b>Total fund balances</b>  | <b>18,984</b>                         | <b>521,845</b>             | <b>64,273</b>           | <b>-</b>                              |
| <b>Total liabilities and fund balances</b>                            | <b>\$ 143,004</b>                     | <b>\$ 525,229</b>          | <b>\$ 64,273</b>        | <b>\$ 7,000</b>                       |

**EXHIBIT F-1(CONTINUED)**

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| <b>Nonmajor Special Revenue Funds</b> |                               |                            |                          |                           |                                     |   |             |  |
|---------------------------------------|-------------------------------|----------------------------|--------------------------|---------------------------|-------------------------------------|---|-------------|--|
| <b>High Pointe<br/>PID</b>            | <b>Waterford<br/>Oaks PID</b> | <b>Disaster<br/>Relief</b> | <b>Justice<br/>Grant</b> | <b>Traffic<br/>Safety</b> | <b>Landscape<br/>Beautification</b> | <b>Total Nonmajor<br/>Special<br/>Revenue Funds</b> |             |  |
| \$ 89,093                             | \$ 174,068                    | \$ -                       | \$ 6,195                 | \$ 348,719                | \$ 871,274                          | \$ 2,196,349  |             |  |
| 10,263                                | 3,256                         | -                          | -                        | -                         | 291,849                             | 333,761   |             |  |
| -                                     | -                             | -                          | -                        | -                         | -                                   | 4,113   |             |  |
| <b>\$ 99,356</b>                      | <b>\$ 177,324</b>             | <b>\$ -</b>                | <b>\$ 6,195</b>          | <b>\$ 348,719</b>         | <b>\$ 1,163,123</b>                 | <b>\$ 2,534,223</b>                                 |             |  |
| <br>\$ 9,400                          | <br>\$ 1,112                  | <br>\$ -                   | <br>\$ 2,815             | <br>\$ 51,882             | <br>\$ 142,914                      | <br>\$ 217,741                                      |             |  |
| 146                                   | 24                            | -                          | -                        | 48,241                    | 13,390                              | 179,587   |             |  |
| -                                     | -                             | -                          | -                        | -                         | -                                   | 7,000   |             |  |
| 7,728                                 | 3,224                         | -                          | 3,380                    | -                         | -                                   | 14,332  |             |  |
| <br>17,274                            | <br>4,360                     | <br>-                      | <br>6,195                | <br>100,123               | <br>156,304                         | <br>418,660   |             |  |
| <br>-                                 | <br>-                         | <br>-                      | <br>-                    | <br>-                     | <br>-                               | <br>4,113   |             |  |
| <br>82,082                            | <br>172,964                   | <br>-                      | <br>-                    | <br>-                     | <br>-                               | <br>-   | <br>255,046 |  |
| -                                     | -                             | -                          | -                        | -                         | -                                   | -   | 517,732     |  |
| -                                     | -                             | -                          | -                        | 248,596                   | -                                   | -   | 267,580     |  |
| -                                     | -                             | -                          | -                        | -                         | -                                   | -   | 64,273      |  |
| -                                     | -                             | -                          | -                        | -                         | 1,006,819                           | 1,006,819   |             |  |
| -                                     | -                             | -                          | -                        | -                         | -                                   | -   | -           |  |
| -                                     | -                             | -                          | -                        | -                         | -                                   | -   | -           |  |
| <br>82,082                            | <br>172,964                   | <br>-                      | <br>-                    | <br>248,596               | <br>1,006,819                       | <br>2,115,563                                       |             |  |
| <br><b>\$ 99,356</b>                  | <br><b>\$ 177,324</b>         | <br><b>\$ -</b>            | <br><b>\$ 6,195</b>      | <br><b>\$ 348,719</b>     | <br><b>\$ 1,163,123</b>             | <br><b>\$ 2,534,223</b>                             |             |  |

**CITY OF CEDAR HILL, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2011**

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**Nonmajor Capital Projects**

|   | <b>Certificates of<br/>Obligation</b> | <b>Park<br/>Development</b> | <b>Restricted Street</b> |
|---|---------------------------------------|-----------------------------|--------------------------|
| <b>ASSETS</b>   |                                       |                             |                          |
| Cash and cash equivalents   | \$ 3,093,306                          | \$ 343,599                  | \$ 723,951               |
| Receivables (net, where applicable, of allowances for uncollectibles) | 509                                   | -                           | -                        |
| Prepaid items   | -                                     | -                           | -                        |
| <b>Total assets</b>   | <b>\$ 3,093,815</b>                   | <b>\$ 343,599</b>           | <b>\$ 723,951</b>        |
| <b>LIABILITIES</b>  |                                       |                             |                          |
| Accounts payable  | \$ 5,693                              | \$ -                        | \$ -                     |
| Accrued liabilities   | -                                     | -                           | -                        |
| Due to other funds  | -                                     | -                           | -                        |
| Deferred revenue  | 509                                   | -                           | -                        |
| <b>Total liabilities</b>  | <b>6,202</b>                          | <b>-</b>                    | <b>-</b>                 |
| <b>FUND BALANCES</b>  |                                       |                             |                          |
| Nonspendable- prepaids and inventory                                  | -                                     | -                           | -                        |
| Restricted for:   |                                       |                             |                          |
| Construction  | 3,087,613                             | 343,599                     | 723,951                  |
| PID use   | -                                     | -                           | -                        |
| Tourism   | -                                     | -                           | -                        |
| Police  | -                                     | -                           | -                        |
| Committed for:  |                                       |                             |                          |
| Library   | -                                     | -                           | -                        |
| Landscaping   | -                                     | -                           | -                        |
| Construction  | -                                     | -                           | -                        |
| Building maintenance  | -                                     | -                           | -                        |
| <b>Total fund balances</b>  | <b>3,087,613</b>                      | <b>343,599</b>              | <b>723,951</b>           |
| <b>Total liabilities and fund balances</b>                            | <b>\$ 3,093,815</b>                   | <b>\$ 343,599</b>           | <b>\$ 723,951</b>        |

**EXHIBIT F-1(CONCLUDED)**

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| <b>Nonmajor Capital Projects</b> |                   |                   |                     | Total               | Total    |
|----------------------------------|-------------------|-------------------|---------------------|---------------------|----------|
| Street                           | Building          | Drainage          |                     | Capital             | Nonmajor |
| Construction                     | Maintenance       |                   |                     | Project             | Funds    |
| \$ 2,077,747                     | \$ 189,322        | \$ 535,893        | \$ 6,963,818        | \$ 9,160,167        |          |
| -                                | -                 | -                 | 509                 | 334,270             |          |
| -                                | -                 | -                 | -                   | 4,113               |          |
| <b>\$ 2,077,747</b>              | <b>\$ 189,322</b> | <b>\$ 535,893</b> | <b>\$ 6,964,327</b> | <b>\$ 9,498,550</b> |          |
| <br>                             | <br>              | <br>              | <br>                | <br>                |          |
| \$ -                             | \$ -              | \$ -              | \$ 5,693            | \$ 223,434          |          |
| -                                | -                 | -                 | -                   | 179,587             |          |
| -                                | -                 | -                 | -                   | 7,000               |          |
| -                                | -                 | -                 | 509                 | 14,841              |          |
| -                                | -                 | -                 | 6,202               | 424,862             |          |
| <br>                             | <br>              | <br>              | <br>                | <br>                |          |
| -                                | -                 | -                 | -                   | -                   | 4,113    |
| -                                | -                 | -                 | 4,155,163           | 4,155,163           |          |
| -                                | -                 | -                 | -                   | 255,046             |          |
| -                                | -                 | -                 | -                   | 517,732             |          |
| -                                | -                 | -                 | -                   | 267,580             |          |
| -                                | -                 | -                 | -                   | 64,273              |          |
| -                                | -                 | -                 | -                   | 1,006,819           |          |
| <b>2,077,747</b>                 |                   |                   | <b>2,077,747</b>    | <b>2,077,747</b>    |          |
| -                                | <b>189,322</b>    | <b>535,893</b>    | <b>725,215</b>      | <b>725,215</b>      |          |
| <b>2,077,747</b>                 | <b>189,322</b>    | <b>535,893</b>    | <b>6,958,125</b>    | <b>9,073,688</b>    |          |
| <br>                             | <br>              | <br>              | <br>                | <br>                |          |
| <b>\$ 2,077,747</b>              | <b>\$ 189,322</b> | <b>\$ 535,893</b> | <b>\$ 6,964,327</b> | <b>\$ 9,498,550</b> |          |

**CITY OF CEDAR HILL, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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|  | <b>Nonmajor Special Revenue Funds</b> |                            |                         |                                       |
|--|---------------------------------------|----------------------------|-------------------------|---------------------------------------|
|  | <b>Police<br/>Forfeiture</b>          | <b>Hotel<br/>Occupancy</b> | <b>Library<br/>Fund</b> | <b>Comm.<br/>Dev. Block<br/>Grant</b> |
| <b>REVENUES:</b>   |                                       |                            |                         |                                       |
| Taxes  | \$ -                                  | \$ 135,676                 | \$ -                    | \$ -                                  |
| Fines and forfeits   | 4,966                                 | -                          | -                       | -                                     |
| Intergovernmental  | -                                     | -                          | -                       | 109,995                               |
| Charges for services   | -                                     | -                          | -                       | -                                     |
| Investment earnings  | 1,732                                 | 4,753                      | 682                     | -                                     |
| Miscellaneous  | -                                     | -                          | -                       | -                                     |
| <b>Total revenues</b>  | <b>6,698</b>                          | <b>140,429</b>             | <b>682</b>              | <b>109,995</b>                        |
| <b>EXPENDITURES</b>  |                                       |                            |                         |                                       |
| Current:   |                                       |                            |                         |                                       |
| General administration                                       | -                                     | -                          | -                       | -                                     |
| Public works   | -                                     | -                          | -                       | 86,799                                |
| Public safety  | 35,255                                | -                          | -                       | -                                     |
| Community services   | -                                     | 62,341                     | 251                     | -                                     |
| Capital outlay   |                                       |                            |                         |                                       |
| Public works   | -                                     | -                          | -                       | 23,196                                |
| Public safety  | 12,448                                | -                          | -                       | -                                     |
| Community services   | -                                     | -                          | -                       | -                                     |
| <b>Total expenditures</b>                                    | <b>47,703</b>                         | <b>62,341</b>              | <b>251</b>              | <b>109,995</b>                        |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(41,005)</b>                       | <b>78,088</b>              | <b>431</b>              | <b>-</b>                              |
| Fund balances, beginning of year                             | <b>59,989</b>                         | <b>443,757</b>             | <b>63,842</b>           | <b>-</b>                              |
| Fund balances, end of year                                   | <b>\$ 18,984</b>                      | <b>\$ 521,845</b>          | <b>\$ 64,273</b>        | <b>\$ -</b>                           |

**EXHIBIT F-2 (CONTINUED)**

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**Nonmajor Special Revenue Funds**

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| <b>High Pointe PID</b> | <b>Waterford Oaks PID</b> | <b>Disaster Relief</b> | <b>Justice Grant</b> | <b>Traffic Safety</b> | <b>Landscape Beautification</b> | <b>Total Nonmajor Special Revenue Funds</b> |
|------------------------|---------------------------|------------------------|----------------------|-----------------------|---------------------------------|---|
| \$ -                   | \$ -                      | \$ -                   | \$ -                 | \$ -                  | \$ -                            | \$ 135,676                                  |
| -                      | -                         | -                      | -                    | 332,687               | -                               | 337,653                                     |
| 19,992                 | 2,328                     | -                      | 43,527               | -                     | -                               | 175,842                                     |
| -                      | -                         | -                      | -                    | -                     | 1,913,479                       | 1,913,479                                   |
| 1,475                  | 1,870                     | -                      | 180                  | 3,850                 | 7,718                           | 22,260                                      |
| 327,058                | 98,562                    | -                      | -                    | -                     | 5,491                           | 431,111                                     |
| <b>348,525</b>         | <b>102,760</b>            | <b>-</b>               | <b>43,707</b>        | <b>336,537</b>        | <b>1,926,688</b>                | <b>3,016,021</b>                            |
| <hr/>                  |                           |                        |                      |                       |                                 |   |
| -                      | -                         | -                      | -                    | -                     | -                               | -   |
| -                      | -                         | -                      | -                    | -                     | -                               | 86,799                                      |
| -                      | -                         | -                      | 35,498               | 370,438               | -                               | 441,191                                     |
| 332,993                | 70,113                    | 7,970                  | -                    | -                     | 1,622,831                       | 2,096,499                                   |
| -                      | -                         | -                      | -                    | -                     | -                               | 23,196                                      |
| -                      | -                         | -                      | 8,209                | 44,579                | -                               | 65,236                                      |
| -                      | -                         | -                      | -                    | -                     | -                               | -   |
| <b>332,993</b>         | <b>70,113</b>             | <b>7,970</b>           | <b>43,707</b>        | <b>415,017</b>        | <b>1,622,831</b>                | <b>2,712,921</b>                            |
| <hr/>                  |                           |                        |                      |                       |                                 |   |
| 15,532                 | 32,647                    | (7,970)                | -                    | (78,480)              | 303,857                         | 303,100                                     |
| 66,550                 | 140,317                   | 7,970                  | -                    | 327,076               | 702,962                         | 1,812,463                                   |
| <b>\$ 82,082</b>       | <b>\$ 172,964</b>         | <b>\$ -</b>            | <b>\$ -</b>          | <b>\$ 248,596</b>     | <b>\$ 1,006,819</b>             | <b>\$ 2,115,563</b>                         |

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**CITY OF CEDAR HILL, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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|  | <b>Nonmajor Capital Projects</b>      |                             |                              |
|--|---------------------------------------|-----------------------------|------------------------------|
|  | <b>Certificates<br/>of Obligation</b> | <b>Park<br/>Development</b> | <b>Restricted<br/>Street</b> |
| <b>REVENUES:</b>   |                                       |                             |                              |
| Taxes  | \$ -                                  | \$ -                        | \$ -                         |
| Fines and forfeits   | -                                     | -                           | -                            |
| Intergovernmental  | 266,178                               | -                           | -                            |
| Charges for services   | -                                     | -                           | -                            |
| Investment earnings  | 44,690                                | 3,893                       | 7,664                        |
| Miscellaneous  | -                                     | 24,500                      | -                            |
| <b>Total revenues</b>  | <b>310,868</b>                        | <b>28,393</b>               | <b>7,664</b>                 |
| <b>EXPENDITURES</b>  |                                       |                             |                              |
| Current:   |                                       |                             |                              |
| General administration                                       | -                                     | -                           | -                            |
| Public works   | 135,971                               | -                           | -                            |
| Public safety  | -                                     | -                           | -                            |
| Community Services   | -                                     | 47,048                      | -                            |
| Capital outlay   |                                       |                             |                              |
| Public works   | 1,417,380                             | -                           | -                            |
| Public safety  | -                                     | -                           | -                            |
| Community Services   | 18,455                                | 21,321                      | -                            |
| <b>Total expenditures</b>                                    | <b>1,571,806</b>                      | <b>68,369</b>               | <b>-</b>                     |
| <b>Excess (deficiency) of revenues<br/>over expenditures</b> | <b>(1,260,938)</b>                    | <b>(39,976)</b>             | <b>7,664</b>                 |
| Fund balances, beginning of year                             | 4,348,551                             | 383,575                     | 716,287                      |
| Fund balances, end of year                                   | <b>\$ 3,087,613</b>                   | <b>\$ 343,599</b>           | <b>\$ 723,951</b>            |

**EXHIBIT F-2 (CONCLUDED)**

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| <b>Nonmajor Capital Projects</b> |                             |                   | <b>Total</b>                          |                             |
|----------------------------------|-----------------------------|-------------------|---------------------------------------|-----------------------------|
| <b>Street Construction</b>       | <b>Building Maintenance</b> | <b>Drainage</b>   | <b>Nonmajor Capital Project Funds</b> | <b>Total Nonmajor Funds</b> |
| \$ -                             | \$ -                        | \$ -              | \$ -                                  | \$ 135,676                  |
| -                                | -                           | -                 | -                                     | 337,653                     |
| -                                | -                           | -                 | 266,178                               | 442,020                     |
| -                                | -                           | -                 | -                                     | 1,913,479                   |
| 21,996                           | 2,007                       | 5,673             | 85,923                                | 108,183                     |
| -                                | -                           | -                 | 24,500                                | 455,611                     |
| <b>21,996</b>                    | <b>2,007</b>                | <b>5,673</b>      | <b>376,601</b>                        | <b>3,392,622</b>            |
| <br>                             | <br>                        | <br>              | <br>                                  | <br>                        |
| -                                | 1,199                       | -                 | 1,199                                 | 1,199                       |
| -                                | -                           | -                 | 135,971                               | 222,770                     |
| -                                | -                           | -                 | -                                     | 441,191                     |
| -                                | -                           | -                 | 47,048                                | 2,143,547                   |
| -                                | -                           | -                 | 1,417,380                             | 1,440,576                   |
| -                                | -                           | -                 | -                                     | 65,236                      |
| -                                | -                           | -                 | 39,776                                | 39,776                      |
| -                                | <b>1,199</b>                | -                 | <b>1,641,374</b>                      | <b>4,354,295</b>            |
| <br>                             | <br>                        | <br>              | <br>                                  | <br>                        |
| <b>21,996</b>                    | <b>808</b>                  | <b>5,673</b>      | <b>(1,264,773)</b>                    | <b>(961,673)</b>            |
| <b>2,055,751</b>                 | <b>188,514</b>              | <b>530,220</b>    | <b>8,222,898</b>                      | <b>10,035,361</b>           |
| <b>\$ 2,077,747</b>              | <b>\$ 189,322</b>           | <b>\$ 535,893</b> | <b>\$ 6,958,125</b>                   | <b>\$ 9,073,688</b>         |

**CITY OF CEDAR HILL, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT G-1**

|  | <b>Budgeted Amounts</b> |                     |                     | <b>Variance with<br/>Final Budget -</b> |  |
|--|-------------------------|---------------------|---------------------|---|--|
|  | <b>Original</b>         | <b>Final</b>        | <b>Actual</b>       | <b>Positive (Negative)</b>              |  |
|  |                         |                     |                     |   |  |
| <b>REVENUES</b>                              |                         |                     |                     |   |  |
| Taxes  | \$ 5,085,065            | \$ 5,085,065        | \$ 5,091,633        | \$ 6,568                                |  |
| Intergovernmental                            | 1,765,175               | 1,765,175           | 1,760,740           | (4,435)                                 |  |
| Investment earnings                          | 26,500                  | 26,500              | 23,905              | (2,595)                                 |  |
| <b>Total revenues</b>                        | <b>6,876,740</b>        | <b>6,876,740</b>    | <b>6,876,278</b>    | <b>(462)</b>                            |  |
| <b>EXPENDITURES</b>                          |                         |                     |                     |   |  |
| Principal retirement                         | 4,271,275               | 4,271,275           | 4,271,275           | -                                       |  |
| Interest and fiscal agent charges            | 3,795,005               | 3,795,005           | 3,957,697           | (162,692)                               |  |
| <b>Total expenditures</b>                    | <b>8,066,280</b>        | <b>8,066,280</b>    | <b>8,228,972</b>    | <b>(162,692)</b>                        |  |
| Deficiency of revenues<br>under expenditures | (1,189,540)             | (1,189,540)         | (1,352,694)         | (163,154)                               |  |
| <b>OTHER FINANCING SOURCES (USES)</b>        |                         |                     |                     |   |  |
| Issuance of long-term debt                   | -                       | 14,890,108          | 14,630,000          | (260,108)                               |  |
| Refunding of long-term debt                  | -                       | (14,899,610)        | (14,678,464)        | 221,146                                 |  |
| Premium on issuance of debt                  | -                       | -                   | 223,578             | 223,578                                 |  |
| Transfers in                                 | 1,053,840               | 1,053,840           | 1,053,840           | -                                       |  |
| <b>Total other financing sources (uses)</b>  | <b>1,053,840</b>        | <b>1,044,338</b>    | <b>1,228,954</b>    | <b>184,616</b>                          |  |
| <b>Net changes in fund balances</b>          | <b>\$ (135,700)</b>     | <b>\$ (145,202)</b> | <b>(123,740)</b>    | <b>\$ 21,462</b>                        |  |
| Fund balances, beginning of year             |                         |                     | 1,338,388           |   |  |
| Fund balances, end of year                   |                         |                     | <b>\$ 1,214,648</b> |   |  |

**CITY OF CEDAR HILL, TEXAS**  
**POLICE FORFEITURE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT G-2**

|  | <b>Budgeted Amounts</b> |                  |                 | <b>Variance with<br/>Final Budget -<br/>Positive (Negative)</b> |                   |
|--|-------------------------|------------------|-----------------|---|-------------------|
|  | <b>Original</b>         | <b>Final</b>     | <b>Actual</b>   |   |                   |
|  |                         |                  |                 | <b>Positive</b>   | <b>(Negative)</b> |
| <b>REVENUES</b>  |                         |                  |                 |   |                   |
| Fines and forfeits   | \$ 150,000              | \$ 150,000       | \$ 4,966        | \$  | (145,034)         |
| Investment earnings  | 600                     | 600              | 1,732           |   | 1,132             |
| <b>Total revenues</b>  | <b>150,600</b>          | <b>150,600</b>   | <b>6,698</b>    |   | <b>(143,902)</b>  |
| <b>EXPENDITURES</b>  |                         |                  |                 |   |                   |
| Public safety  | 48,150                  | 48,150           | 35,255          |   | 12,895            |
| Capital outlay   | 27,000                  | 20,500           | 12,448          |   | 8,052             |
| <b>Total expenditures</b>                                    | <b>75,150</b>           | <b>68,650</b>    | <b>47,703</b>   |   | <b>20,947</b>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | 75,450                  | 81,950           | (41,005)        |   | (122,955)         |
| Changes in fund balances                                     | <u>\$ 75,450</u>        | <u>\$ 81,950</u> | <u>(41,005)</u> | <u>\$</u>   | <u>(122,955)</u>  |
| Fund balances, beginning of year                             |                         |                  |                 | <u>59,989</u>   |                   |
| Fund balances, end of year                                   |                         |                  |                 | <u>\$ 18,984</u>  |                   |

**CITY OF CEDAR HILL, TEXAS**  
**HOTEL OCCUPANCY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT G-3**

|   | <b>Budgeted Amounts</b> |                 |                | <b>Variance with<br/>Final Budget -<br/>Positive (Negative)</b> |               |
|---|-------------------------|-----------------|----------------|---|---------------|
|   | <b>Original</b>         | <b>Final</b>    | <b>Actual</b>  |   |               |
| <b>REVENUES</b>                         |                         |                 |                |   |               |
| Taxes                                   | \$ 100,000              | \$ 100,000      | \$ 135,676     | \$  | 35,676        |
| Investment earnings                     | 2,000                   | 2,000           | 4,753          |   | 2,753         |
| <b>Total revenues</b>                   | <b>102,000</b>          | <b>102,000</b>  | <b>140,429</b> |   | <b>38,429</b> |
| <b>EXPENDITURES</b>                     |                         |                 |                |   |               |
| Community services                      | 100,850                 | 100,850         | 62,341         |   | 38,509        |
| <b>Total expenditures</b>               | <b>100,850</b>          | <b>100,850</b>  | <b>62,341</b>  |   | <b>38,509</b> |
| Excess of revenues<br>over expenditures | 1,150                   | 1,150           | 78,088         |   | 76,938        |
| <b>Net changes in fund balances</b>     | <b>\$ 1,150</b>         | <b>\$ 1,150</b> | <b>78,088</b>  | <b>\$</b>   | <b>76,938</b> |
| Fund balances, beginning of year        |                         |                 |                | <u>443,757</u>  |               |
| Fund balances, end of year              |                         |                 |                | <u>\$ 521,845</u>   |               |

**CITY OF CEDAR HILL, TEXAS**  
**LIBRARY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT G-4**

|  | <b>Budgeted Amounts</b> |                    |               | <b>Variance with<br/>Final Budget -<br/>(Negative)</b> |               |
|--|-------------------------|--------------------|---------------|--|---------------|
|  | <b>Original</b>         | <b>Final</b>       | <b>Actual</b> |  |               |
|  |                         |                    |               |  |               |
| <b>REVENUES</b>  |                         |                    |               |  |               |
| Investment earnings  | \$ 365                  | \$ 365             | \$ 682        | \$   | 317           |
| <b>Total revenues</b>  | <b>365</b>              | <b>365</b>         | <b>682</b>    |  | <b>317</b>    |
| <b>EXPENDITURES</b>  |                         |                    |               |  |               |
| Community services   | 21,000                  | 21,000             | 251           |  | 20,749        |
| <b>Total expenditures</b>                                    | <b>21,000</b>           | <b>21,000</b>      | <b>251</b>    |  | <b>20,749</b> |
| Excess (deficiency) of revenues<br>over (under) expenditures | (20,635)                | (20,635)           | 431           |  | 21,066        |
| <b>Net changes in fund balances</b>                          | <b>\$ (20,635)</b>      | <b>\$ (20,635)</b> | <b>431</b>    | <b>\$</b>  | <b>21,066</b> |
| Fund balances, beginning of year                             |                         |                    |               | <u>63,842</u>  |               |
| Fund balances, end of year                                   |                         |                    |               | <u>\$ 64,273</u>                                       |               |

**CITY OF CEDAR HILL, TEXAS**  
**COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT G-5**

|  | <b>Budgeted Amounts</b> |                 |                | <b>Variance with<br/>Final Budget -</b> |            |
|--|-------------------------|-----------------|----------------|---|------------|
|  | <b>Original</b>         | <b>Final</b>    | <b>Actual</b>  | <b>Positive (Negative)</b>              |            |
|  |                         |                 |                |   |            |
| <b>REVENUES</b>  |                         |                 |                |   |            |
| Intergovernmental  | \$ -                    | \$ 109,790      | \$ 109,995     | \$                                      | 205        |
| <b>Total revenues</b>  | <b>-</b>                | <b>109,790</b>  | <b>109,995</b> |   | <b>205</b> |
| <b>EXPENDITURES</b>  |                         |                 |                |   |            |
| Public works   | -                       | -               | 86,799         |   | (86,799)   |
| Capital outlay   | -                       | 109,995         | 23,196         |   | 86,799     |
| <b>Total expenditures</b>                                    | <b>-</b>                | <b>109,995</b>  | <b>109,995</b> |   | <b>-</b>   |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                       | (205)           | -              |   | 205        |
| <b>Net changes in fund balances</b>                          | <b>\$ -</b>             | <b>\$ (205)</b> | <b>-</b>       | <b>\$</b>                               | <b>205</b> |
| Fund balances, beginning of year                             |                         |                 |                |   | -          |
| Fund balances, end of year                                   |                         |                 |                | <b>\$</b>                               | <b>-</b>   |

**CITY OF CEDAR HILL, TEXAS**  
**HIGH POINTE PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

**EXHIBIT G-6**

|  | <b>Budgeted Amounts</b> |                |                  | <b>Variance with<br/>Final Budget -<br/>Positive (Negative)</b> |               |
|--|-------------------------|----------------|------------------|---|---------------|
|  | <b>Original</b>         | <b>Final</b>   | <b>Actual</b>    |   |               |
| <b>REVENUES</b>  |                         |                |                  |   |               |
| Assessments  | \$ 319,235              | \$ 319,325     | \$ 318,824       | \$  | (501)         |
| Intergovernmental  | 20,000                  | 20,000         | 19,992           |   | (8)           |
| Investment earnings  | -                       | -              | 1,475            |   | 1,475         |
| Miscellaneous  | -                       | -              | 8,234            |   | 8,234         |
| <b>Total revenues</b>  | <b>339,235</b>          | <b>339,325</b> | <b>348,525</b>   |   | <b>9,200</b>  |
| <b>EXPENDITURES</b>  |                         |                |                  |   |               |
| Community service  | 278,825                 | 339,325        | 332,993          |   | 6,332         |
| Capital outlay   | 60,500                  | -              | -                |   | -             |
| <b>Total expenditures</b>                                    | <b>339,325</b>          | <b>339,325</b> | <b>332,993</b>   |   | <b>6,332</b>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (90)                    | -              | 15,532           |   | 15,532        |
| <b>Net changes in fund balances</b>                          | <b>\$ (90)</b>          | <b>\$ -</b>    | <b>15,532</b>    | <b>\$</b>   | <b>15,532</b> |
| Fund balances, beginning of year                             |                         |                | 66,550           |   |               |
| Fund balances, end of year                                   |                         |                | <b>\$ 82,082</b> |   |               |

**CITY OF CEDAR HILL, TEXAS**  
**WATERFORD OAKS PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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|   | <b>Budgeted Amounts</b> |                  |                | <b>Variance with<br/>Final Budget -<br/>Positive (Negative)</b> |                |
|---|-------------------------|------------------|----------------|---|----------------|
|   | <b>Original</b>         | <b>Final</b>     | <b>Actual</b>  |   |                |
| <b>REVENUES</b>                         |                         |                  |                |   |                |
| Assessments                             | \$ 95,000               | \$ 95,000        | \$ 98,562      | \$ 3,562  |                |
| Intergovernmental                       | 2,330                   | 2,330            | 2,328          |   | (2)            |
| Investment earnings                     | 2,300                   | 2,300            | 1,870          |   | (430)          |
| <b>Total revenues</b>                   | <b>99,630</b>           | <b>99,630</b>    | <b>102,760</b> |   | <b>3,130</b>   |
| <b>EXPENDITURES</b>                     |                         |                  |                |   |                |
| Community service                       | 57,200                  | 72,630           | 70,113         |   | 2,517          |
| Capital outlay                          | 30,000                  | 14,570           | -              |   | 14,570         |
| <b>Total expenditures</b>               | <b>87,200</b>           | <b>87,200</b>    | <b>70,113</b>  |   | <b>17,087</b>  |
| Excess of revenues<br>over expenditures | 12,430                  | 12,430           | 32,647         |   | 20,217         |
| <b>Net changes in fund balances</b>     | <b>\$ 12,430</b>        | <b>\$ 12,430</b> | <b>32,647</b>  | <b>\$</b>   | <b>20,217</b>  |
| Fund balances, beginning of year        |                         |                  |                |   | <u>140,317</u> |
| Fund balances, end of year              |                         |                  |                | <u>\$</u>   | <u>172,964</u> |

**CITY OF CEDAR HILL, TEXAS**  
**DISASTER RELIEF SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT G-8**

|  | <b>Budgeted Amounts</b> |                   |                | <b>Variance with<br/>Final Budget -<br/>Positive (Negative)</b> |
|--|-------------------------|-------------------|----------------|---|
|  | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>  |   |
| <b>REVENUES</b>                              |                         |                   |                |   |
| Intergovernmental                            | \$ -                    | \$ -              | \$ -           | \$ -  |
| <b>Total revenues</b>                        | <u>-</u>                | <u>-</u>          | <u>-</u>       | <u>-</u>  |
| <b>EXPENDITURES</b>                          |                         |                   |                |   |
| Community service                            | -                       | 7,970             | 7,970          | -   |
| <b>Total expenditures</b>                    | <u>-</u>                | <u>7,970</u>      | <u>7,970</u>   | <u>-</u>  |
| Deficiency of revenues<br>under expenditures | -                       | (7,970)           | (7,970)        | -   |
| <b>Net changes in fund balances</b>          | <u>\$ -</u>             | <u>\$ (7,970)</u> | <u>(7,970)</u> | <u>\$ -</u>   |
| Fund balances, beginning of year             |                         |                   | <u>7,970</u>   |   |
| Fund balances, end of year                   |                         |                   | <u>\$ -</u>    |   |

**CITY OF CEDAR HILL, TEXAS**  
**JUSTICE ASSISTANCE GRANT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT G-9**

|  | <b>Budgeted Amounts</b> |                   |               | <b>Variance with<br/>Final Budget -</b> |              |
|--|-------------------------|-------------------|---------------|---|--------------|
|  | <b>Original</b>         | <b>Final</b>      | <b>Actual</b> | <b>Positive (Negative)</b>              |              |
|  |                         |                   |               |   |              |
| <b>REVENUES</b>  |                         |                   |               |   |              |
| Intergovernmental  | \$ -                    | \$ 41,605         | \$ 43,527     | \$ 1,922                                |              |
| Investment earnings  | -                       | 180               | 180           | -                                       |              |
| <b>Total revenues</b>  | <b>-</b>                | <b>41,785</b>     | <b>43,707</b> |   | <b>1,922</b> |
| <b>EXPENDITURES</b>  |                         |                   |               |   |              |
| Public safety  | -                       | -                 | 35,498        | (35,498)                                |              |
| Capital outlay   | -                       | 43,715            | 8,209         | 35,506                                  |              |
| <b>Total expenditures</b>                                    | <b>-</b>                | <b>43,715</b>     | <b>43,707</b> |   | <b>8</b>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                       | (1,930)           | -             | 1,930                                   |              |
| Changes in fund balances                                     | <u>\$ -</u>             | <u>\$ (1,930)</u> | -             | <u>\$ 1,930</u>                         |              |
| Fund balances, beginning of year                             |                         |                   |               | -                                       |              |
| Fund balances, end of year                                   |                         |                   |               | <u>\$ -</u>                             |              |

**CITY OF CEDAR HILL, TEXAS**  
**TRAFFIC SAFETY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT G-10**

|  | <b>Budgeted Amounts</b> |                     |                   | <b>Variance with<br/>Final Budget -<br/>Positive (Negative)</b> |
|--|-------------------------|---------------------|-------------------|---|
|  | <b>Original</b>         | <b>Final</b>        | <b>Actual</b>     |   |
| <b>REVENUES</b>  |                         |                     |                   |   |
| Fines and forfeits   | \$ 425,000              | \$ 425,000          | \$ 332,687        | \$ (92,313)   |
| Investment earnings  | 1,800                   | 1,800               | 3,850             | 2,050   |
| <b>Total revenues</b>  | <b>426,800</b>          | <b>426,800</b>      | <b>336,537</b>    | <b>(90,263)</b>   |
| <b>EXPENDITURES</b>  |                         |                     |                   |   |
| Public safety  | 368,500                 | 447,625             | 370,438           | 77,187  |
| Capital outlay   | 295,000                 | 215,875             | 44,579            | 171,296   |
| <b>Total expenditures</b>                                    | <b>663,500</b>          | <b>663,500</b>      | <b>415,017</b>    | <b>248,483</b>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (236,700)               | (236,700)           | (78,480)          | 158,220   |
| Changes in fund balances                                     | <u>\$ (236,700)</u>     | <u>\$ (236,700)</u> | <u>(78,480)</u>   | <u>\$ 158,220</u>   |
| Fund balances, beginning of year                             |                         |                     | <u>327,076</u>    |   |
| Fund balances, end of year                                   |                         |                     | <u>\$ 248,596</u> |   |

**CITY OF CEDAR HILL, TEXAS**  
**LANDSCAPE BEAUTIFICATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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**EXHIBIT G-11**

|  | <b>Budgeted Amounts</b> |                   |                     | <b>Variance with<br/>Final Budget -<br/>Positive (Negative)</b> |                 |
|--|-------------------------|-------------------|---------------------|---|-----------------|
|  | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>       |   |                 |
| <b>REVENUES</b>  |                         |                   |                     |   |                 |
| Charges for services   | \$1,974,000             | \$1,974,000       | \$ 1,913,479        | \$  | (60,521)        |
| Investment earnings  | 4,000                   | 4,000             | 7,718               |   | 3,718           |
| Miscellaneous  | -                       | -                 | 5,491               |   | 5,491           |
| <b>Total revenues</b>  | <b>1,978,000</b>        | <b>1,978,000</b>  | <b>1,926,688</b>    |   | <b>(51,312)</b> |
| <b>EXPENDITURES</b>  |                         |                   |                     |   |                 |
| Community service  | 1,619,000               | 1,611,040         | 1,622,831           |   | (11,791)        |
| Capital outlay   | -                       | 11,795            | -                   |   | 11,795          |
| <b>Total expenditures</b>                                    | <b>1,619,000</b>        | <b>1,622,835</b>  | <b>1,622,831</b>    |   | <b>4</b>        |
| Excess (deficiency) of revenues<br>over (under) expenditures | 359,000                 | 355,165           | 303,857             |   | (51,308)        |
| Net changes in fund balances                                 | <u>\$ 359,000</u>       | <u>\$ 355,165</u> | <u>303,857</u>      | <u>\$</u>   | <u>(51,308)</u> |
| Fund balances, beginning of year                             |                         |                   | <u>702,962</u>      |   |                 |
| Fund balances, end of year                                   |                         |                   | <u>\$ 1,006,819</u> |   |                 |

**STATISTICAL SECTION  
(UNAUDITED)**



The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Cedar Hill's overall financial health.

**FINANCIAL TRENDS INFORMATION** - information to help the reader understand how the City's financial performance and well-being have changed over time.

- 1 Net assets by component
- 2 Changes in net assets
- 3 Fund balances, governmental funds
- 4 Changes in fund balances, governmental funds

**REVENUE CAPACITY INFORMATION** - information to help the reader assess the City's most significant local revenue source, the property tax.

- 5 Assessed value and actual value of taxable property
- 6 Direct and overlapping property tax rates
- 7 Principal property tax payers
- 8 Property tax levies and collections

**DEBT CAPACITY INFORMATION** - information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

- 9 Ratios of outstanding debt by type
- 10 Ratios of net general bonded debt outstanding
- 11 Direct and overlapping governmental activities debt
- 12 Legal debt margin information
- 13 Pledged-revenue coverage

**DEMOGRAPHIC AND ECONOMIC INFORMATION** - information to help the reader understand the environment within which the City's financial activities take place, and to help make comparisons over time and with other governments.

- 14 Demographic and economic statistics
- 15 Principal employers

**OPERATING INFORMATION** - service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

- 16 Full-time equivalent city government employees by function/program
- 17 Operating indicators by function/program
- 18 Capital asset statistics by function/program

**CITY OF CEDAR HILL, TEXAS**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

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|  | <b>Fiscal Year</b>           |                              |                              |
|--|------------------------------|------------------------------|------------------------------|
|  | <b>2003</b>                  | <b>2004</b>                  | <b>2005</b>                  |
| Governmental activities                          |                              |                              |                              |
| Invested in capital assets, net of related debt  | \$ 39,899,933                | \$ 48,521,762                | \$ 48,374,969                |
| Restricted                                       | 6,578,144                    | 7,804,156                    | 8,965,160                    |
| Unrestricted                                     | 16,793,789                   | 20,694,364                   | 25,805,348                   |
| <b>Total governmental activities net assets</b>  | <b><u>\$ 63,271,866</u></b>  | <b><u>\$ 77,020,282</u></b>  | <b><u>\$ 83,145,477</u></b>  |
| Business-type activities                         |                              |                              |                              |
| Invested in capital assets, net of related debt  | \$ 28,909,781                | \$ 35,047,901                | \$ 40,407,433                |
| Restricted                                       | 5,091,049                    | 5,870,555                    | 5,099,043                    |
| Unrestricted                                     | 5,098,595                    | 5,356,634                    | 4,883,916                    |
| <b>Total business-type activities net assets</b> | <b><u>\$ 39,099,425</u></b>  | <b><u>\$ 46,275,090</u></b>  | <b><u>\$ 50,390,392</u></b>  |
| Primary government                               |                              |                              |                              |
| Invested in capital assets, net of related debt  | \$ 68,809,714                | \$ 83,569,663                | \$ 88,782,402                |
| Restricted                                       | 11,669,193                   | 13,674,711                   | 14,064,203                   |
| Unrestricted                                     | 21,892,384                   | 26,050,998                   | 30,689,264                   |
| <b>Total primary government net assets</b>       | <b><u>\$ 102,371,291</u></b> | <b><u>\$ 123,295,372</u></b> | <b><u>\$ 133,535,869</u></b> |

**Source:** Comprehensive Annual Financial Reports

**NOTE:** Accrual-basis financial information for the city as a whole is available back to fiscal year 2003, the year GASB Statement 34 was implemented.

**TABLE 1**

| Fiscal Year           |                       |                       |                       |                       |                       |  |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--|
| 2006                  | 2007                  | 2008                  | 2009                  | 2010                  | 2011                  |  |
| \$ 50,709,962         | \$ 71,700,728         | \$ 50,450,265         | \$ 44,383,937         | \$ 72,409,924         | \$ 72,596,207         |  |
| 9,358,327             | 9,806,890             | 12,950,069            | 12,859,483            | 12,232,354            | 11,378,549            |  |
| 29,258,774            | 15,582,011            | 38,339,323            | 41,778,292            | 12,564,824            | 14,718,473            |  |
| <u>\$ 89,327,063</u>  | <u>\$ 97,089,629</u>  | <u>\$ 101,739,657</u> | <u>\$ 99,021,712</u>  | <u>\$ 97,207,102</u>  | <u>\$ 98,693,229</u>  |  |
|                       |                       |                       |                       |                       |                       |  |
| \$ 41,416,018         | \$ 43,490,027         | \$ 47,492,002         | \$ 47,740,514         | \$ 46,312,862         | \$ 45,512,376         |  |
| 5,001,029             | 5,011,341             | 4,458,851             | 4,711,553             | 3,390,278             | 3,510,291             |  |
| 5,335,239             | 4,505,699             | 4,698,477             | 3,994,709             | 3,951,962             | 3,690,340             |  |
| <u>\$ 51,752,286</u>  | <u>\$ 53,007,067</u>  | <u>\$ 56,649,330</u>  | <u>\$ 56,446,776</u>  | <u>\$ 53,655,102</u>  | <u>\$ 52,713,007</u>  |  |
|                       |                       |                       |                       |                       |                       |  |
| \$ 92,125,980         | \$ 115,190,755        | \$ 97,942,267         | \$ 92,124,451         | \$ 118,722,786        | \$ 118,108,583        |  |
| 14,359,356            | 14,818,231            | 17,408,920            | 17,571,036            | 15,622,632            | 14,888,840            |  |
| 34,594,013            | 20,087,710            | 43,037,800            | 45,773,001            | 16,516,786            | 18,408,813            |  |
| <u>\$ 141,079,349</u> | <u>\$ 150,096,696</u> | <u>\$ 158,388,987</u> | <u>\$ 155,468,488</u> | <u>\$ 150,862,204</u> | <u>\$ 151,406,236</u> |  |

**CITY OF CEDAR HILL, TEXAS**  
**CHANGES IN NET ASSETS**  
**LAST NINE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

|  | Fiscal Year                  |                             |                              |                              |                              |                              |                              |                              |                              |
|--|------------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
|  | 2003                         | 2004                        | 2005                         | 2006                         | 2007                         | 2008                         | 2009                         | 2010                         | 2011                         |
| <b>Expenses</b>  |                              |                             |                              |                              |                              |                              |                              |                              |                              |
| Governmental activities:                               |                              |                             |                              |                              |                              |                              |                              |                              |                              |
| General government                                     | \$ 2,515,865                 | \$ 2,861,449                | \$ 3,153,688                 | \$ 3,342,833                 | \$ 5,203,328                 | \$ 5,756,996                 | \$ 6,552,840                 | \$ 4,963,810                 | \$ 4,990,898                 |
| Public safety  | 10,577,885                   | 11,880,117                  | 12,999,503                   | 14,416,779                   | 16,318,022                   | 18,659,224                   | 20,065,191                   | 19,648,564                   | 19,143,067                   |
| Public works   | 3,574,851                    | 4,086,977                   | 4,435,725                    | 5,327,141                    | 10,562,982                   | 7,647,548                    | 7,031,442                    | 6,625,549                    | 6,575,290                    |
| Community services                                     | 3,407,348                    | 3,703,480                   | 5,260,655                    | 5,001,181                    | 6,443,771                    | 6,729,210                    | 6,506,179                    | 6,920,678                    | 6,694,703                    |
| Interest and fiscal charges                            | 3,824,501                    | 4,483,122                   | 4,762,520                    | 5,626,999                    | 1,558,616                    | 6,790,548                    | 7,196,794                    | 7,230,607                    | 7,178,521                    |
| <b>Total governmental activities expenses</b>          | <b>23,900,450</b>            | <b>27,015,145</b>           | <b>30,612,091</b>            | <b>33,714,933</b>            | <b>40,086,719</b>            | <b>45,583,526</b>            | <b>47,352,446</b>            | <b>45,389,208</b>            | <b>44,582,479</b>            |
| Business-type activities:                              |                              |                             |                              |                              |                              |                              |                              |                              |                              |
| Water and sewer  | \$ 10,413,546                | \$ 10,569,940               | \$ 11,845,403                | \$ 14,241,632                | \$ 13,300,772                | \$ 13,375,271                | \$ 14,145,471                | \$ 15,528,663                | \$ 16,374,985                |
| <b>Total business-type activities expenses</b>         | <b>10,413,546</b>            | <b>10,569,940</b>           | <b>11,845,403</b>            | <b>14,241,632</b>            | <b>13,300,772</b>            | <b>13,375,271</b>            | <b>14,145,471</b>            | <b>15,528,663</b>            | <b>16,374,985</b>            |
| <b>Total primary government expenses</b>               | <b>\$ 34,313,996</b>         | <b>\$ 37,585,085</b>        | <b>\$ 42,457,494</b>         | <b>\$ 47,956,565</b>         | <b>\$ 53,387,491</b>         | <b>\$ 58,958,797</b>         | <b>\$ 61,497,917</b>         | <b>\$ 60,917,871</b>         | <b>\$ 60,957,464</b>         |
| <b>Program Revenues</b>                                |                              |                             |                              |                              |                              |                              |                              |                              |                              |
| Governmental activities:                               |                              |                             |                              |                              |                              |                              |                              |                              |                              |
| Charges for services                                   |                              |                             |                              |                              |                              |                              |                              |                              |                              |
| General government                                     | \$ 149,021                   | \$ 126,522                  | \$ 162,673                   | \$ 103,001                   | \$ 113,291                   | \$ 332,038                   | \$ 383,925                   | \$ 402,651                   | \$ 366,589                   |
| Public Safety  | 1,740,944                    | 2,334,497                   | 1,790,029                    | 2,154,760                    | 2,897,331                    | 3,327,518                    | 3,841,740                    | 3,630,091                    | 3,592,585                    |
| Public Works   | 186,904                      | 176,418                     | 790,361                      | 829,336                      | 1,934,164                    | 650,794                      | 53,675                       | 134,996                      | 235,140                      |
| Community Services                                     | 186,299                      | 186,588                     | 644,974                      | 711,285                      | 2,313,069                    | 2,527,758                    | 2,460,325                    | 2,635,525                    | 2,487,343                    |
| Operating grants/contributions                         | 124,233                      | 1,322,325                   | 1,248,877                    | 2,032,509                    | 2,152,679                    | 1,999,182                    | 2,382,689                    | 2,263,449                    | 3,112,884                    |
| Capital grants/contributions                           | 4,191,752                    | 11,961,220                  | 5,414,719                    | 2,768,766                    | 5,991,124                    | 5,580,070                    | 1,940,005                    | 662,691                      | 997,587                      |
| <b>Total governmental activities program revenues</b>  | <b>6,579,153</b>             | <b>16,107,570</b>           | <b>10,051,633</b>            | <b>8,599,657</b>             | <b>15,401,658</b>            | <b>14,417,360</b>            | <b>11,062,359</b>            | <b>9,729,403</b>             | <b>10,792,128</b>            |
| Business-type activities:                              |                              |                             |                              |                              |                              |                              |                              |                              |                              |
| Charges for services                                   | \$ 11,987,948                | \$ 12,285,016               | \$ 13,717,346                | \$ 14,705,546                | \$ 12,900,524                | \$ 14,544,318                | \$ 14,303,857                | \$ 13,762,041                | \$ 16,691,383                |
| Capital grants/contributions                           | 1,653,923                    | 7,140,300                   | 3,659,464                    | 2,000,399                    | 2,635,385                    | 3,629,474                    | 1,174,014                    | 523,394                      | 354,169                      |
| <b>Total business-type activities program revenues</b> | <b>13,641,871</b>            | <b>19,425,316</b>           | <b>17,376,810</b>            | <b>16,705,945</b>            | <b>15,535,909</b>            | <b>18,173,792</b>            | <b>15,477,871</b>            | <b>14,285,435</b>            | <b>17,045,552</b>            |
| <b>Total primary government program revenues</b>       | <b>\$ 20,221,024</b>         | <b>\$ 35,532,886</b>        | <b>\$ 27,428,443</b>         | <b>\$ 25,305,602</b>         | <b>\$ 30,937,567</b>         | <b>\$ 32,591,152</b>         | <b>\$ 26,540,230</b>         | <b>\$ 24,014,838</b>         | <b>\$ 27,837,680</b>         |
| <b>Net (Expense)/Revenue</b>                           |                              |                             |                              |                              |                              |                              |                              |                              |                              |
| Governmental activities                                | <b>\$(17,321,297)</b>        | <b>\$(10,907,575)</b>       | <b>\$(20,560,458)</b>        | <b>\$(25,115,276)</b>        | <b>\$(24,685,061)</b>        | <b>\$(31,166,166)</b>        | <b>\$(36,290,087)</b>        | <b>\$(35,659,805)</b>        | <b>\$(33,790,351)</b>        |
| Business-type activities                               | <b>3,228,325</b>             | <b>8,855,376</b>            | <b>5,531,407</b>             | <b>2,464,313</b>             | <b>2,235,137</b>             | <b>4,798,521</b>             | <b>1,332,400</b>             | <b>(1,243,228)</b>           | <b>670,567</b>               |
| <b>Total primary government net expense</b>            | <b><u>\$(14,092,972)</u></b> | <b><u>\$(2,052,199)</u></b> | <b><u>\$(15,029,051)</u></b> | <b><u>\$(22,650,963)</u></b> | <b><u>\$(22,449,924)</u></b> | <b><u>\$(26,367,645)</u></b> | <b><u>\$(34,957,687)</u></b> | <b><u>\$(36,903,033)</u></b> | <b><u>\$(33,119,784)</u></b> |

**Note:** Full accrual-basis financial information for the city as a whole is only available from 2003, the year GASB Statement 34 was implemented by the City.

(Continued)

**TABLE 2**

|   | Fiscal Year          |                      |                      |                      |                      |                      |                       |                       |                      |  |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|--|
|   | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 | 2008                 | 2009                  | 2010                  | 2011                 |  |
| <b>General Revenues and Other Changes in Net Assets</b> |                      |                      |                      |                      |                      |                      |                       |                       |                      |  |
| Governmental activities:                                |                      |                      |                      |                      |                      |                      |                       |                       |                      |  |
| Taxes   |                      |                      |                      |                      |                      |                      |                       |                       |                      |  |
| Sales and use taxes                                     | \$ 3,507,984         | \$ 4,361,360         | \$ 5,111,654         | \$ 5,754,164         | \$ 5,875,808         | \$ 6,134,991         | \$ 5,953,387          | \$ 6,132,913          | \$ 6,111,207         |  |
| Property taxes  | 12,083,805           | 13,811,984           | 14,645,716           | 17,110,700           | 17,479,146           | 19,669,385           | 20,122,090            | 18,765,437            | 18,738,588           |  |
| Hotel/motel taxes                                       | 50,642               | 42,923               | 54,727               | 45,696               | 53,388               | 61,571               | 92,321                | 107,434               | 135,676              |  |
| Franchise fees  | 2,446,860            | 2,461,315            | 2,662,995            | 3,111,696            | 3,005,690            | 3,060,567            | 3,228,432             | 2,945,412             | 3,284,583            |  |
| Investment earnings                                     | 746,607              | 1,616,406            | 1,908,517            | 3,010,643            | 3,620,069            | 4,450,569            | 1,765,116             | 3,406,971             | 4,535,466            |  |
| Gain on disposal of property                            | -                    | -                    | -                    | -                    | 49,355               | -                    | -                     | 40,251                | 41,859               |  |
| Miscellaneous   | 363,914              | 562,003              | 502,044              | 463,963              | 563,171              | 637,111              | 610,796               | 646,777               | 629,099              |  |
| Transfers   | 1,803,000            | 1,800,000            | 1,800,000            | 1,800,000            | 1,801,000            | 1,802,000            | 1,800,000             | 1,800,000             | 1,800,000            |  |
| <b>Total governmental activities</b>                    | <b>21,002,812</b>    | <b>24,655,991</b>    | <b>26,685,653</b>    | <b>31,296,862</b>    | <b>32,447,627</b>    | <b>35,816,194</b>    | <b>33,572,142</b>     | <b>33,845,195</b>     | <b>35,276,478</b>    |  |
| Business-type activities:                               |                      |                      |                      |                      |                      |                      |                       |                       |                      |  |
| Investment earnings                                     | \$ 148,640           | \$ 119,255           | \$ 340,448           | \$ 646,285           | \$ 767,361           | \$ 604,215           | \$ 219,773            | \$ 186,944            | \$ 125,261           |  |
| Gain/loss of disposal of property                       | (96,106)             | -                    | -                    | -                    | -                    | -                    | -                     | -                     | -                    |  |
| Miscellaneous   | 12,758               | 1,034                | 43,447               | 51,296               | 53,283               | 41,527               | 45,273                | 64,610                | 62,077               |  |
| Transfers   | (1,803,000)          | (1,800,000)          | (1,800,000)          | (1,800,000)          | (1,801,000)          | (1,802,000)          | (1,800,000)           | (1,800,000)           | (1,800,000)          |  |
| <b>Total business-type activities</b>                   | <b>(1,737,708)</b>   | <b>(1,679,711)</b>   | <b>(1,416,105)</b>   | <b>(1,102,419)</b>   | <b>(980,356)</b>     | <b>(1,156,258)</b>   | <b>(1,534,954)</b>    | <b>(1,548,446)</b>    | <b>(1,612,662)</b>   |  |
| <b>Total primary government</b>                         | <b>\$ 19,265,104</b> | <b>\$ 22,976,280</b> | <b>\$ 25,269,548</b> | <b>\$ 30,194,443</b> | <b>\$ 31,467,271</b> | <b>\$ 34,659,936</b> | <b>\$ 32,037,188</b>  | <b>\$ 32,296,749</b>  | <b>\$ 33,663,816</b> |  |
| <b>Change in Net Assets</b>                             |                      |                      |                      |                      |                      |                      |                       |                       |                      |  |
| Governmental activities                                 | \$ 3,681,515         | \$ 13,748,416        | \$ 6,125,195         | \$ 6,181,586         | \$ 7,762,566         | \$ 4,650,028         | \$ (2,717,945)        | \$ (1,814,610)        | \$ 1,486,127         |  |
| Business-type activities                                | 1,490,617            | 7,175,665            | 4,115,302            | 1,361,894            | 1,254,781            | 3,642,263            | (202,554)             | (2,791,674)           | (942,095)            |  |
| <b>Total primary government</b>                         | <b>\$ 5,172,132</b>  | <b>\$ 20,924,081</b> | <b>\$ 10,240,497</b> | <b>\$ 7,543,480</b>  | <b>\$ 9,017,347</b>  | <b>\$ 8,292,291</b>  | <b>\$ (2,920,499)</b> | <b>\$ (4,606,284)</b> | <b>\$ 544,032</b>    |  |

(Concluded)

Source: Comprehensive Annual Financial Reports

**CITY OF CEDAR HILL, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

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|   | <b>Fiscal Year</b>          |                             |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <b>2003</b>                 | <b>2004</b>                 | <b>2005</b>                 | <b>2006</b>                 | <b>2007</b>                 |
| <b>General Fund</b>                       |                             |                             |                             |                             |                             |
| Reserved for:                             |                             |                             |                             |                             |                             |
| Prepaid and inventory                     | \$ 48,196                   | \$ 43,848                   | \$ 41,007                   | \$ 57,474                   | \$ 71,522                   |
| Animal shelter                            | 124,303                     | 133,591                     | 143,824                     | 182,641                     | 220,146                     |
| Unreserved                                | 5,070,726                   | 6,420,714                   | 6,830,872                   | 8,442,986                   | 9,116,524                   |
| Nonspendable                              | -                           | -                           | -                           | -                           | -                           |
| Restricted                                | -                           | -                           | -                           | -                           | -                           |
| Unassigned                                | -                           | -                           | -                           | -                           | -                           |
| <b>Total General Fund</b>                 | <b><u>\$ 5,243,225</u></b>  | <b><u>\$ 6,598,153</u></b>  | <b><u>\$ 7,015,703</u></b>  | <b><u>\$ 8,683,101</u></b>  | <b><u>\$ 9,408,192</u></b>  |
| <br><b>All Other Governmental Funds</b>   |                             |                             |                             |                             |                             |
| Reserved for:                             |                             |                             |                             |                             |                             |
| Prepaid and inventory                     | \$ -                        | \$ -                        | \$ 500                      | \$ -                        | \$ -                        |
| Construction                              | 34,264,902                  | 32,629,193                  | 41,967,190                  | 49,423,384                  | 33,971,758                  |
| Debt service                              | 585,939                     | 741,070                     | 839,312                     | 1,194,722                   | 1,398,426                   |
| Unreserved - designated for Joe Pool Fund | 11,424,773                  | 14,378,961                  | 16,913,557                  | 19,072,590                  | 21,662,048                  |
| Unreserved, reported in:                  |                             |                             |                             |                             |                             |
| Special revenue funds                     | 269,280                     | 298,795                     | 298,688                     | 641,947                     | 1,139,312                   |
| Nonspendable                              | -                           | -                           | -                           | -                           | -                           |
| Restricted for:                           |                             |                             |                             |                             |                             |
| Construction                              | -                           | -                           | -                           | -                           | -                           |
| PID Use                                   | -                           | -                           | -                           | -                           | -                           |
| Tourism                                   | -                           | -                           | -                           | -                           | -                           |
| Police                                    | -                           | -                           | -                           | -                           | -                           |
| Debt service                              | -                           | -                           | -                           | -                           | -                           |
| Committed for:                            |                             |                             |                             |                             |                             |
| Library                                   | -                           | -                           | -                           | -                           | -                           |
| Landscaping                               | -                           | -                           | -                           | -                           | -                           |
| Construction                              | -                           | -                           | -                           | -                           | -                           |
| Building maintenance                      | -                           | -                           | -                           | -                           | -                           |
| Joe pool                                  | -                           | -                           | -                           | -                           | -                           |
| <b>Total all other governmental funds</b> | <b><u>\$ 46,544,894</u></b> | <b><u>\$ 48,048,019</u></b> | <b><u>\$ 60,019,247</u></b> | <b><u>\$ 70,332,643</u></b> | <b><u>\$ 58,171,544</u></b> |

**TABLE 3**

| <b>Fiscal Year</b>   |                      |                      |                      |  |
|----------------------|----------------------|----------------------|----------------------|--|
| <b>2008</b>          | <b>2009</b>          | <b>2010</b>          | <b>2011</b>          |  |
| \$ 83,311            | \$ 94,975            | \$ 289,796           | \$ -                 |  |
| 220,354              | 136,421              | 93,240               | -                    |  |
| 7,598,987            | 7,910,030            | 7,429,188            | -                    |  |
| -                    | -                    | -                    | 79,890               |  |
| -                    | -                    | -                    | 23,359               |  |
| -                    | -                    | -                    | <u>7,245,735</u>     |  |
| <u>\$ 7,902,652</u>  | <u>\$ 8,141,426</u>  | <u>\$ 7,812,224</u>  | <u>\$ 7,348,984</u>  |  |
| <br>                 | <br>                 | <br>                 | <br>                 |  |
| \$ -                 | \$ 700               | \$ -                 | \$ -                 |  |
| 37,291,828           | 36,973,575           | 32,992,500           | -                    |  |
| 1,315,616            | 1,351,130            | 1,338,388            | -                    |  |
| 25,815,003           | 28,583,356           | 33,303,314           | -                    |  |
| 1,399,190            | 1,851,054            | 1,812,463            | -                    |  |
| -                    | -                    | -                    | 4,113                |  |
| -                    | -                    | -                    | 27,061,239           |  |
| -                    | -                    | -                    | 255,046              |  |
| -                    | -                    | -                    | 517,732              |  |
| -                    | -                    | -                    | 267,580              |  |
| -                    | -                    | -                    | 1,214,648            |  |
| -                    | -                    | -                    | 64,273               |  |
| -                    | -                    | -                    | 1,006,819            |  |
| -                    | -                    | -                    | 2,077,747            |  |
| -                    | -                    | -                    | 725,215              |  |
| -                    | -                    | -                    | <u>39,186,264</u>    |  |
| <u>\$ 65,821,637</u> | <u>\$ 68,759,815</u> | <u>\$ 69,446,665</u> | <u>\$ 72,380,676</u> |  |

**CITY OF CEDAR HILL, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

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|   | <b>Fiscal Year</b>   |                     |                      |                      |                        |
|---|----------------------|---------------------|----------------------|----------------------|------------------------|
|   | <b>2003</b>          | <b>2004</b>         | <b>2005</b>          | <b>2006</b>          | <b>2007</b>            |
| <b>Revenues</b>   |                      |                     |                      |                      |                        |
| Taxes   | \$ 15,561,416        | \$ 18,014,837       | \$ 19,919,458        | \$ 22,378,271        | \$ 23,829,019          |
| Franchise taxes   | 2,396,624            | 2,478,655           | 2,662,995            | 2,997,796            | 2,980,459              |
| Licenses and permits                                    | 452,412              | 677,840             | 458,259              | 587,068              | 585,160                |
| Intergovernmental                                       | 124,233              | 1,322,325           | 1,159,098            | 2,011,965            | 4,193,422              |
| Charges for services                                    | 1,362,796            | 1,590,391           | 1,557,345            | 1,615,564            | 3,235,695              |
| Fines and forfeits                                      | 447,378              | 549,564             | 625,869              | 838,643              | 1,218,428              |
| Investment earnings                                     | 746,607              | 1,615,885           | 1,899,237            | 2,978,760            | 4,192,754              |
| Miscellaneous   | 1,809,995            | 1,888,815           | 1,359,603            | 1,306,190            | 2,578,672              |
| <b>Total revenues</b>                                   | <b>22,901,461</b>    | <b>28,138,312</b>   | <b>29,641,864</b>    | <b>34,714,257</b>    | <b>42,813,609</b>      |
| <b>Expenditures</b>                                     |                      |                     |                      |                      |                        |
| General government                                      | 2,619,919            | 2,785,464           | 3,170,322            | 3,343,901            | 5,222,497              |
| Public works  | 1,336,931            | 1,613,490           | 1,737,528            | 2,122,080            | 4,769,427              |
| Public safety   | 10,722,736           | 11,636,090          | 13,248,596           | 14,186,480           | 16,093,979             |
| Community services                                      | 3,029,756            | 3,233,975           | 4,564,884            | 4,140,753            | 5,702,847              |
| Supplies  | -                    | 16,721              | -                    | -                    | -                      |
| Contractual services                                    | 4,210                | 168,599             | -                    | -                    | -                      |
| Principal retirement                                    | 2,035,000            | 2,150,000           | 2,330,000            | 2,810,000            | 2,935,000              |
| Interest and fiscal agent charges                       | 1,274,392            | 2,049,840           | 2,029,396            | 2,432,796            | 3,487,728              |
| Issuance costs  | 424,457              | -                   | 460,719              | -                    | -                      |
| Capital outlay  | 6,149,210            | 12,059,135          | 4,041,267            | 12,417,015           | 20,139,139             |
| <b>Total expenditures</b>                               | <b>27,596,611</b>    | <b>35,713,314</b>   | <b>31,582,712</b>    | <b>41,453,025</b>    | <b>58,350,617</b>      |
| <b>Excess of revenues</b>                               |                      |                     |                      |                      |                        |
| <b>Over (under) expenditures</b>                        | <b>(4,695,150)</b>   | <b>(7,575,002)</b>  | <b>(1,940,848)</b>   | <b>(6,738,768)</b>   | <b>(15,537,008)</b>    |
| <b>Other Financing Sources (Uses)</b>                   |                      |                     |                      |                      |                        |
| Transfer in   | 2,701,481            | 2,312,839           | 2,250,004            | 13,359,614           | 2,463,060              |
| Transfer out  | (898,481)            | (512,839)           | (450,004)            | (11,559,614)         | (662,060)              |
| Premium on issuance of debt                             | 24,215               | -                   | 335,810              | 329,562              | -                      |
| Issuance of debt  | 18,340,000           | 8,633,055           | 12,200,000           | 16,590,000           | 2,300,000              |
| Refunding bonds issued                                  | 2,308,121            | -                   | 8,550,000            | -                    | -                      |
| Payment to refunding bond escrow agent                  | (2,265,000)          | -                   | (8,556,184)          | -                    | -                      |
| <b>Total other financing sources (uses)</b>             | <b>20,210,336</b>    | <b>10,433,055</b>   | <b>14,329,626</b>    | <b>18,719,562</b>    | <b>4,101,000</b>       |
| <b>Net change in fund balance</b>                       | <b>\$ 15,515,186</b> | <b>\$ 2,858,053</b> | <b>\$ 12,388,778</b> | <b>\$ 11,980,794</b> | <b>\$ (11,436,008)</b> |
| Debt service as a percentage of noncapital expenditures | 17.4%                | 17.8%               | 17.5%                | 18.1%                | 16.8%                  |

**Source:** Comprehensive Annual Financial Reports

**Note:** Current presentation for modified accrual-basis financial information for the City as a whole is only available from 2003, the year GASB Statement 34 was implemented by the City.

TABLE 4

| Fiscal Year         |                     |                   |                     |      |
|---------------------|---------------------|-------------------|---------------------|------|
|                     | 2008                | 2009              | 2010                | 2011 |
| \$ 26,005,485       | \$ 26,228,990       | \$ 25,057,110     | \$ 24,991,395       |      |
| 3,060,567           | 3,239,410           | 3,745,033         | 3,188,430           |      |
| 579,360             | 429,801             | 599,253           | 520,502             |      |
| 2,154,882           | 2,465,569           | 2,550,947         | 3,532,596           |      |
| 3,643,269           | 4,649,195           | 4,587,557         | 4,491,115           |      |
| 1,367,603           | 1,170,989           | 1,307,338         | 1,330,054           |      |
| 4,200,813           | 1,600,287           | 3,217,524         | 4,510,842           |      |
| 1,626,613           | 1,021,043           | 1,043,796         | 1,011,239           |      |
| <u>42,638,592</u>   | <u>40,805,284</u>   | <u>42,108,558</u> | <u>43,576,173</u>   |      |
| 5,588,631           | 5,738,425           | 4,268,152         | 4,213,256           |      |
| 4,146,221           | 2,799,588           | 2,258,685         | 2,131,623           |      |
| 18,452,134          | 19,953,010          | 19,365,668        | 18,715,058          |      |
| 5,835,435           | 5,696,781           | 6,111,610         | 5,800,851           |      |
| -                   | -                   | -                 | -                   |      |
| 3,860,000           | 3,930,000           | 4,284,760         | 4,271,275           |      |
| 3,582,146           | 4,250,266           | 4,001,699         | 3,957,697           |      |
| -                   | -                   | -                 | -                   |      |
| <u>16,714,857</u>   | <u>4,607,387</u>    | <u>3,297,991</u>  | <u>3,990,756</u>    |      |
| <u>58,179,424</u>   | <u>46,975,457</u>   | <u>43,588,565</u> | <u>43,080,516</u>   |      |
| (15,540,832)        | (6,170,173)         | (1,480,007)       | 495,657             |      |
| 2,347,581           | 3,613,525           | 3,469,645         | 2,903,840           |      |
| (545,581)           | (1,813,525)         | (1,669,645)       | (1,103,840)         |      |
| 353,385             | 47,125              | -                 | 223,578             |      |
| 19,530,000          | 7,500,000           | 2,767,655         | -                   |      |
| -                   | -                   |                   | 14,630,000          |      |
| -                   | -                   | (2,730,000)       | (14,678,464)        |      |
| <u>21,685,385</u>   | <u>9,347,125</u>    | <u>1,837,655</u>  | <u>1,975,114</u>    |      |
| <u>\$ 6,144,553</u> | <u>\$ 3,176,952</u> | <u>\$ 357,648</u> | <u>\$ 2,470,771</u> |      |
| 17.9%               | 19.3%               | 20.6%             | 21.1%               |      |

**CITY OF CEDAR HILL, TEXAS**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**TABLE 5**

| <b>Fiscal<br/>Year<br/>Ended<br/>September 30,</b> | <b>Real<br/>Property</b> | <b>Personal<br/>Property</b> | <b>Less:<br/>Tax Exempt<br/>Property</b> | <b>Total Taxable<br/>Assessed<br/>Value</b> | <b>Total<br/>Direct<br/>Tax<br/>Rate</b> |
|--|--------------------------|------------------------------|--|---|--|
| 2002   | n/a                      | n/a                          | n/a                                      | 1,609,510,054                               | 0.64140                                  |
| 2003   | n/a                      | n/a                          | n/a                                      | 1,856,116,931                               | 0.64140                                  |
| 2004   | n/a                      | n/a                          | n/a                                      | 2,093,768,922                               | 0.64140                                  |
| 2005   | n/a                      | n/a                          | n/a                                      | 2,274,015,283                               | 0.64140                                  |
| 2006   | 2,480,740,719            | 267,321,110                  | (224,223,334)                            | 2,523,838,495                               | 0.64140                                  |
| 2007   | 2,720,454,080            | 288,549,740                  | (254,235,323)                            | 2,754,768,497                               | 0.64140                                  |
| 2008   | 3,009,117,599            | 292,080,690                  | (297,237,734)                            | 3,003,960,555                               | 0.64140                                  |
| 2009   | 3,144,441,658            | 314,972,100                  | (336,631,686)                            | 3,122,782,072                               | 0.64140                                  |
| 2010   | 2,951,398,588            | 306,248,770                  | (344,662,593)                            | 2,912,984,765                               | 0.64140                                  |
| 2011   | 2,838,901,972            | 297,036,800                  | (353,400,773)                            | 2,782,537,999                               | 0.67000                                  |

**Source:** Dallas Central Appraisal District, Ellis Central Appraisal District.

**Note:** Property in the city is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.



**CITY OF CEDAR HILL, TEXAS**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**  
**(RATE PER \$100 OF ASSESSED VALUE)**

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| Fiscal<br>Year<br>Ended<br>September 30, | City Direct Rates |                       |             |                 |                      | Dallas County                 |  | Dallas County        |  |
|--|-------------------|-----------------------|-------------|-----------------|----------------------|-------------------------------|--|----------------------|--|
|  | Basic<br>Rate     | General<br>Obligation |             | Total<br>Direct | Cedar Hill<br>I.S.D. | Community<br>College District |  | Hospital<br>District |  |
|  |                   | Debt<br>Service       |             |                 |                      |                               |  |                      |  |
| 2002                                     | \$ 0.489490       | \$ 0.151910           | \$ 0.641400 | \$ 1.630000     | \$ 0.060000          | \$ 0.254000                   |  |                      |  |
| 2003                                     | 0.489490          | 0.151910              | 0.641400    | 1.680000        | 0.060000             | 0.254000                      |  |                      |  |
| 2004                                     | 0.489490          | 0.151910              | 0.641400    | 1.701600        | 0.077800             | 0.254000                      |  |                      |  |
| 2005                                     | 0.479490          | 0.161910              | 0.641400    | 1.741300        | 0.080300             | 0.254000                      |  |                      |  |
| 2006                                     | 0.469490          | 0.171910              | 0.641400    | 1.848430        | 0.081600             | 0.254000                      |  |                      |  |
| 2007                                     | 0.469490          | 0.171910              | 0.641400    | 1.743300        | 0.081000             | 0.254000                      |  |                      |  |
| 2008                                     | 0.459490          | 0.181910              | 0.641400    | 1.400000        | 0.080400             | 0.254000                      |  |                      |  |
| 2009                                     | 0.459490          | 0.181910              | 0.641400    | 1.500000        | 0.089400             | 0.254000                      |  |                      |  |
| 2010                                     | 0.459490          | 0.181910              | 0.641400    | 1.400000        | 0.094900             | 0.274000                      |  |                      |  |
| 2011                                     | 0.488090          | 0.181910              | 0.670000    | 1.440000        | 0.099230             | 0.271000                      |  |                      |  |

**Source:** Dallas Central Appraisal District, various taxing entities.

**Note:** Property in the city is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

**TABLE 6**

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| <b>Dallas<br/>County</b> | <b>County<br/>School<br/>Equalization</b> | <b>Duncanville<br/>I.S.D.</b> | <b>Ellis<br/>County</b> | <b>Midlothian<br/>I.S.D.</b> |
|--------------------------|---|-------------------------------|-------------------------|------------------------------|
| \$ 0.196000              | \$ 0.005520                               | \$ 1.670000                   | \$ 0.302018             | \$ 1.720000                  |
| 0.196000                 | 0.005500                                  | 1.750000                      | 0.310170                | 1.720000                     |
| 0.203900                 | 0.005460                                  | 1.855000                      | 0.314644                | 1.720000                     |
| 0.203900                 | 0.005460                                  | 1.836000                      | 0.315993                | 1.764500                     |
| 0.213900                 | 0.005300                                  | 1.866000                      | 0.318906                | 1.787500                     |
| 0.213900                 | 0.005034                                  | 1.736000                      | 0.320491                | 1.697500                     |
| 0.228100                 | 0.004714                                  | 1.418000                      | 0.393607                | 1.367500                     |
| 0.228100                 | 0.004928                                  | 1.418000                      | 0.393599                | 1.407500                     |
| 0.228100                 | 0.005212                                  | 1.418000                      | 0.393600                | 1.397500                     |
| 0.243100                 | 0.010000                                  | 1.418000                      | 0.393599                | 1.397500                     |

**CITY OF CEDAR HILL, TEXAS  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

**TABLE 7**

| Taxpayer                                | 2011                         |      |                             | 2002                         |      |   |
|---|------------------------------|------|-----------------------------|------------------------------|------|---|
|   | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total City | Taxable<br>Assessed<br>Value | Rank | Percentage<br>of Total City               |
|   |                              |      | Value <sup>a</sup>          |                              |      | Taxable<br>Assessed<br>Value <sup>b</sup> |
| Uptown Village at Cedar Hill            | \$ 41,773,370                | 1    | 1.50%                       |                              |      |   |
| KRG Cedar Hill Plaza, LP                | 32,525,000                   | 2    | 1.17%                       |                              |      |   |
| Inland Western Cedar Hill               | 29,888,910                   | 3    | 1.07%                       |                              |      |   |
| J C Penney Company                      | 27,123,219                   | 4    | 0.97%                       |                              |      |   |
| Texas Utilities/Oncor Electric          | 25,556,840                   | 5    | 0.92%                       |                              |      |   |
| Walmart Stores                          | 20,862,760                   | 6    | 0.75%                       |                              |      |   |
| Target Corporation                      | 15,851,150                   | 7    | 0.57%                       |                              |      |   |
| Pleasant Run and 67 Ltd                 | 13,500,000                   | 8    | 0.49%                       |                              |      |   |
| Gates Cedar Hill Ltd                    | 13,192,000                   | 9    | 0.47%                       |                              |      |   |
| Pattillo Industrial Partners            | 13,007,650                   | 10   | 0.47%                       |                              |      |   |
| Parklane Cedar Hill LTD                 |                              |      | \$ 24,676,740               | 1                            |      | 1.53%                                     |
| Barrow Health Cedar Hill                |                              |      | 13,100,000                  | 2                            |      | 0.81%                                     |
| Devon Realty/Wilson Crossing Apartments |                              |      | 10,775,000                  | 3                            |      | 0.67%                                     |
| Pattillo Robert Properties              |                              |      | 8,628,960                   | 4                            |      | 0.54%                                     |
| Cedar Hill Retirement                   |                              |      | 8,012,500                   | 5                            |      | 0.50%                                     |
| Kimco Cedar Hill Crossing               |                              |      | 7,846,490                   | 6                            |      | 0.49%                                     |
| HD Development Properties               |                              |      | 6,538,130                   | 7                            |      | 0.41%                                     |
| TSCA 202 Ltd Partnership                |                              |      | 6,104,200                   | 8                            |      | 0.38%                                     |
| 1999 Legacy Partners                    |                              |      | 5,265,910                   | 9                            |      | 0.33%                                     |
| RPI Cedar Hill Ltd                      |                              |      | 4,500,000                   | 10                           |      | 0.28%                                     |
| <b>Total</b>                            | <b>\$ 233,280,899</b>        |      | <b>8.36%</b>                | <b>\$ 95,447,930</b>         |      | <b>5.78%</b>                              |

**Source:** Dallas Central Appraisal District

**Note:**

<sup>a</sup> Total taxable value including real and personal property for tax year 2010 (fiscal year 2011) is \$2,782,537,999.

<sup>b</sup> Total taxable value including real and personal property for tax year 2001 (fiscal year 2002) is \$1,345,710,409.

**CITY OF CEDAR HILL, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST SEVEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 8**

| <b>Fiscal<br/>Year<br/>Ended<br/>September 30,</b> | <b>Taxes Levied<br/>for the<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                               | <b>Collections<br/>in Subsequent<br/>Years</b> | <b>Total Collections to Date</b> |                               |
|--|---|---|-------------------------------|--|----------------------------------|-------------------------------|
|  |   | <b>Amount</b>   | <b>Percentage<br/>of Levy</b> |  | <b>Amount</b>                    | <b>Percentage<br/>of Levy</b> |
| 2005   | \$ 14,515,806                                   | \$ 14,126,698   | 97.32%                        | \$ 375,388                                     | \$ 14,502,086                    | 99.91%                        |
| 2006   | 16,179,391                                      | 15,783,884  | 97.56%                        | 378,076  | 16,161,960                       | 99.89%                        |
| 2007   | 17,676,002                                      | 17,156,014  | 97.06%                        | 494,706  | 17,650,720                       | 99.86%                        |
| 2008   | 19,227,029                                      | 18,867,046  | 98.13%                        | 312,702  | 19,179,748                       | 99.75%                        |
| 2009   | 19,941,021                                      | 19,541,902  | 98.00%                        | 327,742  | 19,869,644                       | 99.64%                        |
| 2010   | 18,624,120                                      | 18,378,688  | 98.68%                        | 120,695  | 18,499,383                       | 99.33%                        |
| 2011   | 18,643,004                                      | 18,379,231  | 98.59%                        | -  | 18,379,231                       | 98.59%                        |

**Sources:** Dallas County Tax Office

**NOTE:**

Information prior to 2005 was not available thus not included in the above table.

**CITY OF CEDAR HILL, TEXAS  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 9**

| Fiscal Year | Governmental Activities  |                                 |                   | Business-Type Activities                |   | Business-Type Activities |               | Total Primary Government | Percentage of Total Personal Income <sup>c</sup> | Percentage of Actual Taxable Personal Value of Property <sup>a</sup> | Percentage of Per Capita <sup>b</sup> |
|-------------|--------------------------|---------------------------------|-------------------|---|---|--------------------------|---------------|--------------------------|--|--|---------------------------------------|
|             | General Obligation Bonds | Certificate of Obligation Bonds | Other Obligations | Waterworks & Sewer System Revenue Bonds | Waterworks & Sewer System General Obligations | Government               |               |                          |  |  |                                       |
| 2002        | 23,705,000               | 3,375,000                       | 41,748,765        | 5,570,000                               | -   | 74,398,765               | Not available | 4.62%                    | 2,070  |  |                                       |
| 2003        | 28,350,000               | 15,045,000                      | 44,121,348        | 5,140,000                               | -   | 92,656,348               | Not available | 4.99%                    | 2,439  |  |                                       |
| 2004        | 35,155,000               | 14,590,000                      | 46,628,764        | 7,620,000                               | -   | 103,993,764              | Not available | 4.97%                    | 2,613  |  |                                       |
| 2005        | 48,555,000               | 11,555,000                      | 49,278,677        | 6,935,000                               | -   | 116,323,677              | Not available | 5.12%                    | 2,790  |  |                                       |
| 2006        | 49,955,000               | 23,935,000                      | 52,079,184        | 9,265,000                               |   | 135,234,184              | Not available | 5.36%                    | 3,134  |  |                                       |
| 2007        | 49,845,000               | 23,410,000                      | 50,277,438        | 8,485,000                               | -   | 132,017,438              | Not available | 4.79%                    | 3,004  |  |                                       |
| 2008        | 55,660,000               | 33,265,000                      | 53,134,705        | 10,695,000                              | -   | 152,754,705              | Not available | 5.09%                    | 3,402  |  |                                       |
| 2009        | 60,040,000               | 32,455,000                      | 56,154,350        | 13,040,000                              | -   | 161,689,350              | Not available | 5.18%                    | 3,546  |  |                                       |
| 2010        | 56,837,895               | 31,410,000                      | 59,345,601        | 10,250,000                              | 2,167,105                                     | 160,010,601              | 13%           | 5.49%                    | 3,456  |  |                                       |
| 2011        | 62,666,620               | 21,670,000                      | 62,718,212        | 9,795,000                               | 1,938,380                                     | 158,788,212              | 14%           | 5.71%                    | 3,508  |  |                                       |

**Note:** Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>a</sup> See Table 5 for property value data.

<sup>b</sup> See Table 14 for population data.

<sup>c</sup> See Table 14 for population data.

**CITY OF CEDAR HILL, TEXAS**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**TABLE 10**

| <b>Fiscal Year</b> | <b>General Bonded Debt Outstanding</b> |  |                          | <b>Net General Bonded Debt</b> | <b>Percentage of Actual Taxable Value of Property <sup>a</sup></b> |                              | <b>Per Capita <sup>b</sup></b> |
|--------------------|--|--|--------------------------|--------------------------------|--|------------------------------|--------------------------------|
|                    | <b>General Obligation Bonds</b>        | <b>Certificate of Obligation Bonds</b> | <b>Less Sinking Fund</b> |                                | <b>General Bonded Debt</b>   | <b>Property <sup>a</sup></b> |                                |
| 2002               | 23,705,000                             | 3,375,000                              | 458,990                  | 26,621,010                     | 1.65%  | 741                          |                                |
| 2003               | 28,350,000                             | 15,045,000                             | 585,939                  | 42,809,061                     | 2.31%  | 1,127                        |                                |
| 2004               | 35,155,000                             | 14,590,000                             | 741,070                  | 49,003,930                     | 2.34%  | 1,231                        |                                |
| 2005               | 48,555,000                             | 11,555,000                             | 839,312                  | 59,270,688                     | 2.61%  | 1,421                        |                                |
| 2006               | 49,955,000                             | 23,935,000                             | 1,194,722                | 72,695,278                     | 2.88%  | 1,685                        |                                |
| 2007               | 49,845,000                             | 23,410,000                             | 1,398,426                | 71,856,574                     | 2.61%  | 1,635                        |                                |
| 2008               | 55,660,000                             | 33,265,000                             | 1,315,616                | 87,609,384                     | 2.92%  | 1,951                        |                                |
| 2009               | 60,040,000                             | 32,455,000                             | 1,351,830                | 91,143,170                     | 2.92%  | 1,999                        |                                |
| 2010               | 59,005,000                             | 31,410,000                             | 1,338,388                | 89,076,612                     | 3.06%  | 1,924                        |                                |
| 2011               | 64,605,000                             | 21,670,000                             | 1,214,648                | 85,060,352                     | 3.06%  | 1,879                        |                                |

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

<sup>a</sup> See Table 5 for property value data.

<sup>b</sup> See Table 14 for population data.

**CITY OF CEDAR HILL, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2011  
(UNAUDITED)**

**TABLE 11**

| <b>Governmental Unit</b>                 | <b>Debt Outstanding</b> | <b>Estimated Percentage Applicable</b> | <b>Estimated Share of Overlapping Debt</b> |
|--|-------------------------|--|--|
| <b>Debt repaid with property taxes</b>   |                         |  |  |
| Cedar Hill Independent School District   | \$ 99,009,528           | 93.30%                                 | \$ 92,375,890                              |
| Dallas County                            | 143,932,642             | 1.48%                                  | 2,130,203                                  |
| Dallas County Community College District | 396,140,000             | 1.48%                                  | 5,862,872                                  |
| Dallas County Hospital District          | 705,000,000             | 1.48%                                  | 10,434,000                                 |
| DeSoto Independent School District       | 137,070,943             | 0.16%                                  | 219,314                                    |
| Duncanville Independent School District  | 153,483,018             | 2.91%                                  | 4,466,356                                  |
| Ellis County                             | 59,586,262              | 0.82%                                  | 488,607                                    |
| Midlothian Independent School District   | 238,173,591             | 2.73%                                  | <u>6,502,139</u>                           |
| Subtotal, overlapping debt               |                         |  | 122,479,381                                |
| <b>City of Cedar Hill (direct debt)</b>  | <b>86,275,000</b>       | <b>100.00%</b>                         | <u><b>86,275,000</b></u>                   |
| <b>Total direct and overlapping debt</b> |                         |  | <u><b>\$ 208,754,381</b></u>               |

**Source:** First Southwest Company

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and the businesses of Cedar Hill. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**CITY OF CEDAR HILL, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
AS OF SEPTEMBER 30, 2011  
(UNAUDITED)**

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**TABLE 12**

As a home rule city, the City of Cedar Hill is not limited by law in the amount of debt it may issue.

Article X, Section 2 of the City of Cedar Hill charter states in part:

The City Council shall have the power and it is hereby authorized and made its duty to levy annually for general purposes and for the purpose of paying interest and providing the sinking fund on the bonded indebtedness of the City of Cedar Hill now in existence or which may hereafter be created an ad valorem tax on all real, personal or mixed property within the territorial limits of said City and upon all franchises granted by the City to any individuals or corporations of not exceeding a total of Two Dollars and Fifty cents (\$2.50) on the One Hundred Dollars (\$100.00) assessed valuation of said property. If for any cause the City Council shall fail, neglect or refuse to pass a tax ordinance for any one year, levying taxes for that year, then and in that event the tax levying ordinance last passed shall and will be considered in force and effect as the tax levying ordinance for the year which the City Council failed, neglected or refused to pass such ordinance, and the failure so to pass such ordinance for any year shall in no wise invalidate the tax collections for that year.

The tax rate at October 1, 2010 is \$0.67 per \$100 of assessed valuation at 100% of market value.  
The tax rate is 26.8% of the legal limit.

**CITY OF CEDAR HILL, TEXAS  
PLEDGED-REVENUE COVERAGE  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 13**

| <b>Fiscal Year</b> | <b>Gross Revenues (1)</b> | <b>Less: Operating Expenses (2)</b> | <b>Net Available Revenue</b> | <b>Average Debt Service (3)</b> | <b>Coverage</b> |
|--------------------|---------------------------|-------------------------------------|------------------------------|---------------------------------|-----------------|
| 2002               | 11,730,906                | 8,593,102                           | 3,137,804                    | 459,842                         | 6.82            |
| 2003               | 12,097,594                | 9,116,775                           | 2,980,819                    | 433,528                         | 6.88            |
| 2004               | 12,343,485                | 9,261,857                           | 3,081,628                    | 530,448                         | 5.81            |
| 2005               | 13,891,068                | 10,317,455                          | 3,573,613                    | 507,592                         | 7.04            |
| 2006               | 15,027,426                | 10,878,440                          | 4,148,986                    | 661,973                         | 6.27            |
| 2007               | 13,277,177                | 11,150,872                          | 2,126,305                    | 633,821                         | 3.35            |
| 2008               | 14,760,323                | 11,238,220                          | 3,522,103                    | 804,647                         | 4.38            |
| 2009               | 14,466,125                | 12,039,477                          | 2,426,648                    | 819,825                         | 2.96            |
| 2010               | 15,697,120                | 13,429,002                          | 2,268,118                    | 801,810                         | 2.83            |
| 2011               | 16,880,608                | 13,023,051                          | 3,857,557                    | 1,065,193                       | 3.62            |

**Source:** Comprehensive Annual Financial Reports

- (1) Gross revenues include all water and sewer revenues exclusive of capital recovery fees, interest on accumulated capital recovery fees, contributed capital, and interest on bond proceeds. Gross revenues for 2010 include \$1,800,000 in capital recovery fees accumulated from prior years that the City has earmarked for debt service.
- (2) Direct operating expenses include all water and sewer operating expenses, less depreciation.
- (3) Average annual debt service is the average principal and interest payments due over the remaining term of all water and sewer revenue bonds.

**CITY OF CEDAR HILL, TEXAS  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

**TABLE 14**

| <b>Year</b> | <b>Estimated Population <sup>a</sup></b> | <b>Personal Income</b> | <b>Per Capita Personal Income <sup>b</sup></b> | <b>Median Household Income <sup>b</sup></b> | <b>Median Age <sup>b</sup></b> |
|-------------|--|------------------------|--|---|--------------------------------|
| 2002        | 35,944                                   | n/a                    | n/a  | n/a   | n/a                            |
| 2003        | 37,984                                   | n/a                    | n/a  | n/a   | n/a                            |
| 2004        | 39,800                                   | n/a                    | n/a  | n/a   | n/a                            |
| 2005        | 41,700                                   | n/a                    | n/a  | n/a   | n/a                            |
| 2006        | 43,150                                   | n/a                    | n/a  | n/a   | n/a                            |
| 2007        | 43,950                                   | n/a                    | n/a  | 66,786                                      | n/a                            |
| 2008        | 44,900                                   | n/a                    | n/a  | 65,395                                      | n/a                            |
| 2009        | 45,600                                   | n/a                    | n/a  | 66,206                                      | 33.6                           |
| 2010        | 46,300                                   | 1,188,382,100          | 25,667   | 66,654                                      | 34.1                           |
| 2011        | 45,260                                   | 1,116,699,980          | 24,673   | 64,727                                      | 32.1                           |

**Note:**

Unable to obtain personal income data for the City of Cedar Hill.

**Sources:**

<sup>a</sup> Estimates are provided by the North Central Texas Council of Governments.

<sup>b</sup> Available estimates are provided by Cedar Hill Economic Development Corporation (Claritas).

**CITY OF CEDAR HILL, TEXAS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)**

**TABLE 15**

| <b>Employer</b>               | <b>2011</b>                    |             |   | <b>2002</b>                    |             |   |
|-------------------------------|--------------------------------|-------------|---|--------------------------------|-------------|---|
|                               | <b>Estimated<br/>Employees</b> | <b>Rank</b> | <b>Percentage<br/>of Total City<br/>Workforce</b> | <b>Estimated<br/>Employees</b> | <b>Rank</b> | <b>Percentage<br/>of Total City<br/>Workforce</b> |
| Wal-Mart Supercenter          | 436                            | 1           | 1.84%   |                                |             |   |
| JCPenney, Distribution Center | 400                            | 2           | 1.69%   |                                |             |   |
| Super Target                  | 200                            | 3           | 0.84%   |                                |             |   |
| DMI Corporation               | 150                            | 4           | 0.63%   |                                |             |   |
| JCPenney, Department Store    | 140                            | 5           | 0.59%   |                                |             |   |
| Babe's Chicken Dinner House   | 130                            | 6           | 0.55%   |                                |             |   |
| Crestview Court               | 120                            | 7           | 0.51%   |                                |             |   |
| Home Depot                    | 115                            | 8           | 0.49%   | 119                            | 7           | 0.89%   |
| Trinity School                | 110                            | 9           | 0.46%   | 130                            | 6           | 0.98%   |
| Best Buy                      | 94                             | 10          | 0.40%   |                                |             |   |
| Spectrum Supply Chain         |                                |             |   | 1,000                          | 1           | 7.52%   |
| Masco / Texwood Industries    |                                |             |   | 570                            | 2           | 4.28%   |
| Advent Supply                 |                                |             |   | 150                            | 3           | 1.13%   |
| Kohl's                        |                                |             |   | 141                            | 4           | 1.06%   |
| Kroger's                      |                                |             |   | 130                            | 5           | 0.98%   |
| K Mart                        |                                |             |   | 114                            | 8           | 0.86%   |
| Minyard's                     |                                |             |   | 114                            | 9           | 0.86%   |
| Albertson's                   |                                |             |   | 105                            | 10          | 0.79%   |
| <b>Total</b>                  | <b>1,895</b>                   |             | <b>8.01%</b>                                      | <b>2,573</b>                   |             | <b>19.33%</b>                                     |

**Source:** City surveys of employers

**Notes:** City of Cedar Hill and Cedar Hill I.S.D. are not included in the rankings.

**CITY OF CEDAR HILL, TEXAS****TABLE 16****FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

| <b>Function/Program</b>      | <b>Full Time Equivalent Employees as of September 30</b> |               |               |               |               |               |               |               |               |               |
|------------------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                              | <b>2002</b>  | <b>2003</b>   | <b>2004</b>   | <b>2005</b>   | <b>2006</b>   | <b>2007</b>   | <b>2008</b>   | <b>2009</b>   | <b>2010</b>   | <b>2011</b>   |
| General Government:          |  |               |               |               |               |               |               |               |               |               |
| Administration               | 7.00   | 8.00          | 8.00          | 8.00          | 8.00          | 9.50          | 9.50          | 10.00         | 10.00         | 10.00         |
| Human Resources              | 3.00   | 3.00          | 3.00          | 3.00          | 3.00          | 3.75          | 4.00          | 4.00          | 4.00          | 3.00          |
| Information Technology       | -  | 1.00          | 2.00          | 2.00          | 3.00          | 3.00          | 4.00          | 4.00          | 4.00          | 4.00          |
| Tax                          | 2.65   | 2.65          | 2.65          | 2.65          | 2.65          | -             | -             | -             | -             | -             |
| Finance                      | 6.00   | 6.00          | 6.50          | 6.50          | 6.50          | 6.75          | 6.75          | 6.75          | 6.75          | 6.75          |
| Economic Development         | 2.00   | 2.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          |
| Non-Departmental             | 1.00   | 1.50          | 1.50          | 1.50          | 1.50          | 1.77          | 1.50          | 1.50          | 1.50          | 0.77          |
| Government Center            | -  | -             | -             | -             | -             | -             | -             | 1.50          | 1.50          | 2.50          |
| Public Works:                |  |               |               |               |               |               |               |               |               |               |
| Streets & Drainage           | 9.00   | 10.00         | 11.00         | 13.00         | 13.33         | 12.25         | 15.33         | 13.58         | 13.58         | 14.25         |
| Fleet Maintenance            | 3.00   | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          | 3.00          |
| Water & Sewer                | 30.44  | 30.44         | 32.96         | 35.96         | 36.96         | 39.15         | 41.65         | 43.65         | 43.65         | 43.65         |
| Public Safety:               |  |               |               |               |               |               |               |               |               |               |
| Police                       | 55.80  | 58.80         | 61.80         | 67.80         | 73.80         | 81.20         | 83.00         | 84.00         | 84.00         | 86.10         |
| Police (Community Services)  | 6.00   | 5.00          | 5.00          | -             | -             | -             | -             | -             | -             | -             |
| Animal Control               | 1.69   | 1.69          | 1.69          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          | 2.00          |
| Fire                         | 43.00  | 49.00         | 51.00         | 54.00         | 58.00         | 63.00         | 65.00         | 69.00         | 78.00         | 78.00         |
| Municipal Court              | 3.00   | 3.70          | 3.70          | 5.00          | 5.00          | 6.80          | 6.80          | 7.30          | 7.30          | 6.80          |
| Code Enforcement             | 7.00   | 8.00          | 8.00          | 8.00          | 9.00          | 9.00          | 9.00          | 9.00          | 9.00          | 8.00          |
| Animal Shelter               | 8.48   | 8.50          | 8.66          | 8.66          | 8.66          | 7.66          | 9.63          | 9.63          | 9.63          | 9.63          |
| Community Services:          |  |               |               |               |               |               |               |               |               |               |
| Parks                        | 19.03  | 18.63         | 21.64         | 24.66         | 24.66         | 22.35         | 22.35         | 26.40         | 26.40         | 26.40         |
| Community Development        | 6.23   | 6.23          | 5.98          | 5.98          | 5.23          | 4.64          | 5.89          | 6.79          | 6.79          | 6.79          |
| Recreation                   | 9.21   | 9.71          | 9.71          | 9.71          | 9.71          | 9.98          | 9.98          | 10.25         | 10.25         | 10.50         |
| Recreation Center            | -  | -             | 14.50         | 17.96         | 17.96         | 22.00         | 21.00         | 21.50         | 21.50         | 22.50         |
| Library                      | 9.62   | 9.62          | 9.62          | 9.62          | 10.27         | 11.49         | 11.48         | 11.48         | 11.48         | 10.48         |
| Planning                     | 3.00   | 3.00          | 3.00          | 3.00          | 3.00          | 4.75          | 4.00          | 4.00          | 4.00          | 3.00          |
| Neighborhood Services        | -  | -             | 0.25          | 0.25          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          | 1.00          |
| <b>Total City Employees:</b> | <b>236.15</b>  | <b>249.47</b> | <b>278.16</b> | <b>295.25</b> | <b>309.23</b> | <b>328.04</b> | <b>339.86</b> | <b>353.33</b> | <b>362.33</b> | <b>362.12</b> |

**Source:** Annual Budgets**Notes:** FTE's are based on 2,080 hours for conversion purposes

The Economic Development Corporation personnel are paid by the Economic Development Fund, not the General Fund.

The Water and Sewer personnel are paid by the Water &amp; Sewer Fund, not the General Fund.

The Community Development personnel are paid by the Community Development Fund, not the General Fund.

The Non-departmental position was not created until 2002.

The Information Technology department was not created until 2003.

The Recreation Center was not opened until the end of fiscal year 2004.

The Neighborhood Services department was created in 2004.

The Police (Community Services) were the School Resource Officers, and the Cedar Hill ISD took over this function in fiscal year 2005.

The Tax Office was closed at the end of fiscal year 2006.

The Government Center positions were created in fiscal year 2009.

**CITY OF CEDAR HILL, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

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| <u>Function/Program</u>                               | <u>Fiscal Year</u> |             |             |
|---|--------------------|-------------|-------------|
|   | <u>2002</u>        | <u>2003</u> | <u>2004</u> |
| General Government:                                   |                    |             |             |
| Information Technology                                |                    |             |             |
| Installed Employee Desktop Computer Systems           | -                  | 55          | 85          |
| Onsite Problem Calls                                  | -                  | 100         | 300         |
| Vendor visits/Product Evaluations                     | -                  | 60          | 100         |
| Public Works:   |                    |             |             |
| Streets & Drainage                                    |                    |             |             |
| Number of street lights                               | 1,875              | 1,950       | 1,983       |
| Water & Sewer   |                    |             |             |
| Number of water consumers                             | 12,493             | 12,909      | 13,726      |
| Average daily water consumption (millions of gallons) | 6.2                | 6.2         | 6.2         |
| Maximum storage capacity (millions of gallons)        | 18.0               | 18.0        | 18.0        |
| Number of sewer connections                           | 11,037             | 11,494      | 12,103      |
| Public Safety:  |                    |             |             |
| Police  |                    |             |             |
| Index crimes, by calendar year                        | 1,401              | 1,382       | 1,470       |
| Index crime rate per 100,000, by calendar year        | 4,179.5            | 3,651.4     | 3,682.5     |
| Percent index crimes cleared, by calendar year        | 11%                | 23%         | 17%         |
| Number of reserve police officers                     | 9.00               | 14.00       | 6.00        |
| Fire  |                    |             |             |
| Calls for service - Fire & EMS                        | N/D                | 3,473       | 3,753       |
| Municipal Court                                       |                    |             |             |
| Number of cases filed                                 | 4,913              | 6,447       | 7,418       |
| Number of cases closed                                | 4,152              | 5,599       | 6,224       |
| Number of cases appealed                              | 290                | 277         | 368         |
| Number of warrants issued                             | 2,949              | 3,353       | 3,013       |
| Code Enforcement                                      |                    |             |             |
| Building permits issued                               | 1,031              | 821         | 1,102       |
| Total dollar value of permits issued                  | 132,258,770        | 114,271,071 | 195,918,323 |
| Animal Shelter  |                    |             |             |
| Number of incoming animals                            | 4,543              | 4,685       | 4,474       |
| Number of lost pets returned to owners                | 786                | 822         | 797         |
| Number of animals adopted out                         | 812                | 886         | 897         |
| Number of animals euthanized                          | 2,170              | 2,434       | 2,390       |
| Number of animals transferred or rescued              | 655                | 563         | 526         |

**Sources:** City Departments

**Notes:** N/D means reliable data is not available.

N/A means data is not yet available.

The Information Technology Department was created in April 2003.

**TABLE 17**

| <b>Fiscal Year</b> |                    |                    |                    |                    |                    |                    |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>2005</u></b> | <b><u>2006</u></b> | <b><u>2007</u></b> | <b><u>2008</u></b> | <b><u>2009</u></b> | <b><u>2010</u></b> | <b><u>2011</u></b> |
| 25                 | 60                 | 51                 | 230                | 250                | 34                 | 53                 |
| 500                | 700                | 675                | 1,500              | 1,000              | 3,750              | 3,700              |
| 150                | 200                | 200                | 500                | 350                | 10                 | 10                 |
| 2,053              | 2,355              | 2,555              | 2,659              | 2,670              | 2,705              | 2,777              |
| 14,680             | 14,786             | 14,786             | 14,791             | 15,188             | 15,283             | 15,186             |
| 5.9                | 8.3                | 7.2                | 8.2                | 8.5                | 8.4                | 8.7                |
| 18.0               | 18.0               | 18.0               | 18.0               | 18.0               | 18.0               | 18.0               |
| 12,574             | 12,922             | 12,922             | 13,550             | 13,791             | 13,873             | 13,874             |
| 1,550              | 1,553              | 1,439              | 1,635              | 1,814              | 1,846              | n/a                |
| 3,791.5            | 3,631.9            | 3,224.4            | 3,542.6            | 3,902.8            | 3,955.0            | n/a                |
| 21%                | 23%                | 23%                | 19%                | 29%                | 29%                | n/a                |
| 6.00               | 4.00               | 4.00               | 4.00               | 3.00               | 3.00               | 3.00               |
| 4,075              | 4,280              | 4,830              | 5,022              | 5,193              | 5,221              | n/a                |
| 6,934              | 8,210              | 8,762              | 7,552              | 6,983              | 6,419              | 7,472              |
| 6,098              | 7,008              | 8,369              | 5,995              | 7,061              | 6,165              | 8,142              |
| 222                | 268                | 322                | 282                | 214                | 345                | 345                |
| 2,407              | 3,893              | 2,441              | 3,953              | 3,616              | 2,752              | 5,056              |
| 778                | 828                | 612                | 578                | 432                | 491                | 404                |
| 104,469,980        | 159,250,091        | 172,408,265        | 83,105,685         | 28,441,102         | 33,687,160         | 22,611,850         |
| 4,689              | 4,709              | 5,777              | 5,243              | 5,208              | 5,380              | 4,909              |
| 720                | 758                | 869                | 811                | 781                | 785                | 769                |
| 826                | 811                | 756                | 758                | 923                | 797                | 724                |
| 2,382              | 2,526              | 3,122              | 3,068              | 2,888              | 2,757              | 2,500              |
| 631                | 522                | 641                | 524                | 796                | 927                | 777                |

**CITY OF CEDAR HILL, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**TABLE 18**

| <u>Function/Program</u>                | <b>Fiscal Year</b> |      |      |      |      |      |      |      |      |      |
|--|--------------------|------|------|------|------|------|------|------|------|------|
|  | 2002               | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| <b>Public Works:</b>                   |                    |      |      |      |      |      |      |      |      |      |
| Streets & Drainage                     |                    |      |      |      |      |      |      |      |      |      |
| Paved streets (miles) <sup>a</sup>     | 194                | 194  | 199  | 205  | 206  | 209  | 210  | 210  | 216  | 217  |
| Graded streets (miles)                 | 2                  | 2    | 3    | 3    | 0    | 0    | 1    | 1    | 1    | 1    |
| Paved alleys (miles)                   | 38                 | 40   | 41   | 41   | 41   | 41   | 42   | 42   | 42   | 42   |
| Storm sewers (miles) <sup>a</sup>      | 56                 | 60   | 61   | 64   | 66   | 67   | 70   | 71   | 74   | 76   |
| Water & Sewer                          |                    |      |      |      |      |      |      |      |      |      |
| Water mains (miles) <sup>a</sup>       | 230                | 239  | 247  | 247  | 268  | 270  | 280  | 282  | 279  | 279  |
| Storage capacity (millions of gallons) | 18                 | 18   | 18   | 18   | 18   | 18   | 18   | 18   | 18   | 18   |
| Sanitary sewers (miles) <sup>a</sup>   | 190                | 193  | 200  | 201  | 225  | 225  | 245  | 247  | 214  | 215  |
| <b>Public Safety:</b>                  |                    |      |      |      |      |      |      |      |      |      |
| Police                                 |                    |      |      |      |      |      |      |      |      |      |
| Stations                               | 1                  | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 2    |
| Fire                                   |                    |      |      |      |      |      |      |      |      |      |
| Stations                               | 3                  | 3    | 3    | 3    | 3    | 3    | 3    | 4    | 4    | 4    |
| Animal Shelter                         |                    |      |      |      |      |      |      |      |      |      |
| Buildings                              | 1                  | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| <b>Community Services:</b>             |                    |      |      |      |      |      |      |      |      |      |
| Parks                                  |                    |      |      |      |      |      |      |      |      |      |
| Acreage                                | 507                | 507  | 596  | 596  | 596  | 667  | 686  | 686  | 692  | 692  |
| Municipal swimming pools               | 1                  | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Lighted tennis courts                  | 2                  | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    | 2    |
| Lighted ball diamonds                  | 16                 | 16   | 18   | 18   | 18   | 19   | 23   | 23   | 23   | 23   |
| Community/Senior Center                | 1                  | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Recreation Center                      | 0                  | 0    | 0    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |
| Library                                |                    |      |      |      |      |      |      |      |      |      |
| Number of libraries                    | 1                  | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    |

**Sources:** City Departments

**Notes:**

<sup>a</sup> FY2010 data has been updated to reflect only assets in use and owned by the City of Cedar Hill