

# **Comprehensive Annual Financial Report**



**City of Cedar Hill, Texas**  
**For Year Ended September 30, 2013**



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED SEPTEMBER 30, 2013**

Prepared by the  
CITY OF CEDAR HILL  
FINANCE DEPARTMENT  
Martin Avila, Director

Tony Rousseau, Accounting Manager

**CITY COUNCIL**

Robert K. Franke, Mayor

Chris Parvin, Mayor Pro Tem  
Jami McCain, Council Member  
Wallace Swayze, Council Member

Daniel C. Haydin Jr., Council Member  
Stephen Mason, Council Member  
Clifford R. Shaw, Council Member

**CITY MANAGER**

Alan E. Sims



**CEDAR HILL**

WHERE OPPORTUNITIES GROW NATURALLY

**City of Cedar Hill  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**City of Cedar Hill**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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## **INTRODUCTORY SECTION**



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY



May 23, 2014

**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, 2013. 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 Government 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's Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2012 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 auditors' 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 auditors' 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 46,829 in 2012. 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 amphi-theatre, 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 retail development to those focused on industrial development, the tone is positive. Cedar Hill is no exception to the increasingly positive business climate and continuing recovery. In 2013, there were commercial certificates of occupancy awarded in Cedar Hill and there were 482 building permits issued with a total valuation of \$102,991,772.

A classic example of the positive business climate is the growth in the industrial sector; growth in the Cedar Hill Business Park on Mt. Lebanon Road. Siddons-Martin, a fire apparatus maintenance company, is completing construction of a 12,000 square foot building; Dallas Aeronautical Services is moving into their new 51,000 square foot building April 2014; Highway Intelligent Traffic Systems is constructing a new 15,000 sq. ft. building. In other parts of the City, Westar Satellite Systems, P&W Quality Machines, and Central States have expanded. IDX bought 25 acres and a 254,830 sq. ft. building, moved in, and began hiring: with a goal of 350 employees. PD Transportation is purchasing 2 lots; all new investment and new jobs for the City. In another industrial area, BP Enterprises purchased a green lot on Grigsby Way to locate in Cedar Hill.

Construction activity for single family homes saw its best year since 2008 with 123 single family construction permits issued during the course of 2013. The newest ground breaking in Cedar Hill is a high end, urban style multi-family complex of 355 units. This 13 acre complex consists of garden-style luxury buildings and first floor spaces convertible to mixed use office or retail. Community amenities include an upscale clubhouse, extensive landscaping, park, executive business center, resort-style swimming pool, state of the art fitness facility, internet café, game room and theatre. Project design and construction is being done in conjunction with a green building program that focuses on reducing energy and water consumption. Key features include efficient building practices combined with the preservation of environmental features, such as native landscaping. This complex, Midtown, will open for lease late spring 2014.

The retail market remains strong in Cedar Hill. Uptown Village at Cedar Hill continues to add stores and improve sales with OshKosh, Carters, and Title Boxing now open. Simply Mac, an exclusive retailer of Apple products, opened in 2013 and is the first of its kind in Texas! Kay's Jewelers, Lids, Massage Envy Spa, Journey's, and Avocados Restaurant are a few of the other new offerings opened in 2013. Chipotle, 5 Guys Burgers and DSW Shoe Warehouse are new in the Plaza Shopping Center. It has been estimated that up to 80% of the sales in Uptown Village are from customers who reside outside of Cedar Hill. In other parts of the City, Fuzzy's Taco's and Krispy Kreme are both renovating older space for new openings.

The office sector continues to grow. 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 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. Strayer University occupies the 3<sup>rd</sup> floor. This year the owners began the finish out of the 4<sup>th</sup> floor for occupancy. A 12,000 square foot, multiple doctor, complete eye care facility opened at the beginning of 2012 in the Uptown District. While medical office continues to do well in the City, 2013 has also seen HRO Architects open their doors.

Use of hotel space in the City continues 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 several thousand 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 opened. Adding to the education offerings in the City is the previously mentioned Strayer University in 610 Uptown Blvd, and Cedar Valley College which offers workforce development and continuing education classes in conjunction with the Small Business Development Center at the Cannady location in Cedar Hill.

New and varied offerings in K-12 are springing up in the City. While the ISD continues to thrive as a Recognized District and is adding gardens on campuses, other education offerings are also springing up. Village Tech, a new charter school, opened in the fall of 2013. Life School Cedar Hill, completed an expansion to their campus during 2013 while Crossroads Academy, another charter school in the City, announced an expansion this year. In the past few years Trinity Christian School has continued to grow and added students as well as facilities.

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

The fiscal year 2014 budget was developed based upon a marginal increase in taxable assessed valuation of .17%. The property tax rate was increased from 69.569 to 69.876 cents per \$100 to maintain the current service levels provided to citizens. This increase in the property tax rate is projected to generate approximately \$60,068 in additional revenues when compared to fiscal year 2013. The budget also included anticipated growth in sales tax of 4.0%. The General Fund expenditure budget for fiscal year 2014 decreased by approximately \$200,000 primarily due to the development of the Crime Control District Fund and transferring 5 public safety officers to this fund, offset with salary increases to General Employees and Public Safety of 4% and 5% respectively. The City continues to remain financially strong and stable by adjusting expenditures to available revenues.

## **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) a comprehensive water and wastewater system master plan update 2) parks, open space and trails vision plan 3) a transit oriented development-city center plan, and 4) 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. Crowe Horwath LLP was selected by the City Council to conduct this year's audit. The independent auditors' 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, 2012. 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. The CAFR must satisfy both GAAP and applicable legal requirements.

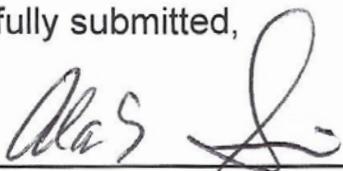
A Certificate of Achievement is valid for a period of one year. The City has received the Certificate of Achievement for twenty-three years consecutively (fiscal years ended 1990 - 2012). We believe our current report continues to conform to the Certificate of Achievement program requirements, and are submitting the 2013 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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Martin Avila, Director of Finance



Government Finance Officers Association

# 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

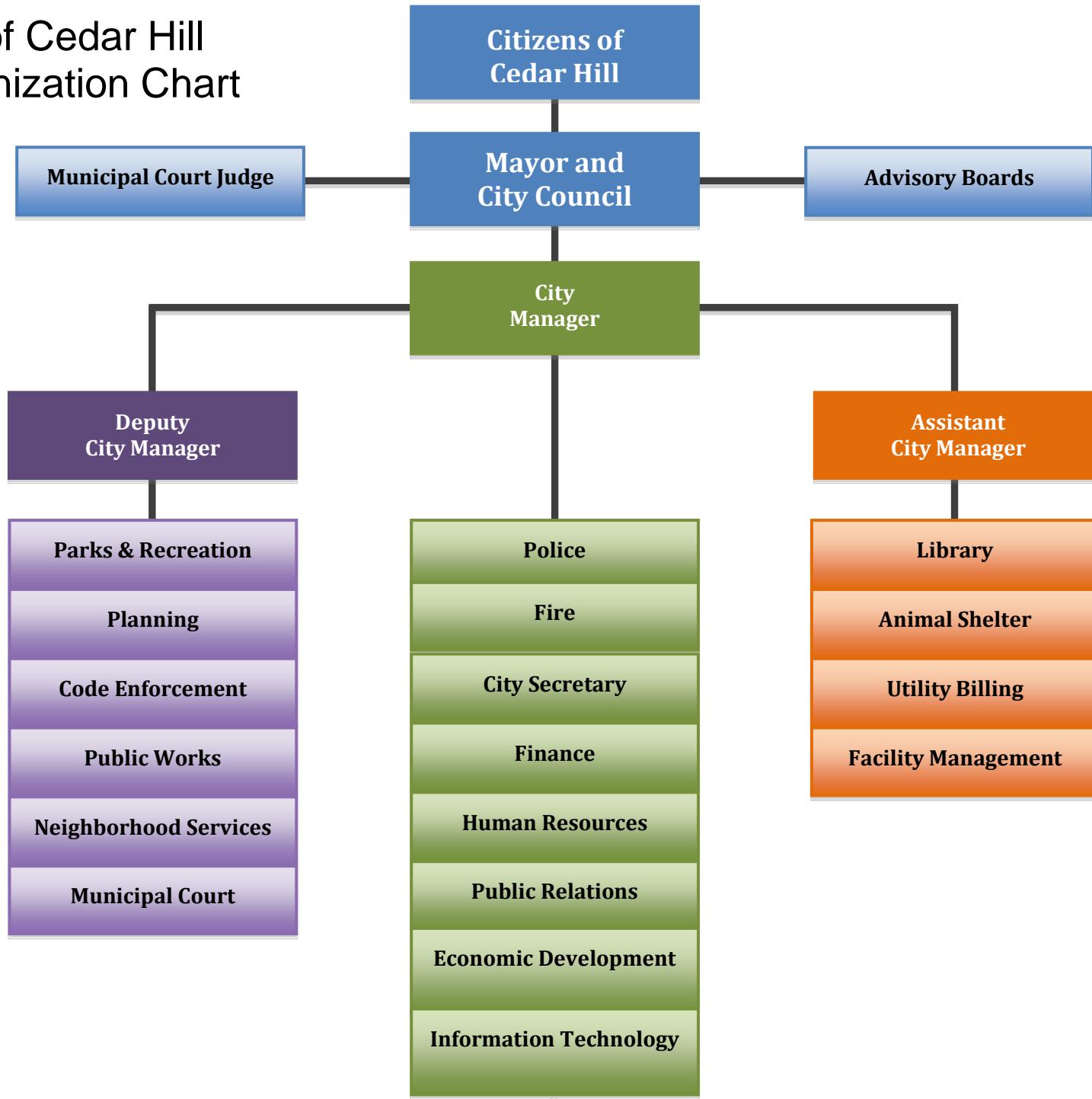
**September 30, 2012**

A handwritten signature in black ink that reads "Jeffrey P. Emer". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Emer" on the bottom line.

Executive Director/CEO



# City of Cedar Hill Organization Chart



**CITY OF CEDAR HILL**  
**List of Principal Officials**  
**at September 30, 2013**

**Elected Officials**

<b>Title</b>	<b>Name</b>
Mayor .....	Robert K. Franke
Mayor Pro-Tem .....	Chris Parvin
Councilmember .....	Daniel C. Haydin Jr.
Councilmember .....	Wallace Swayze
Councilmember .....	Jami McCain
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 .....	Martin Avila
Police Chief .....	Steve Rhodes
Fire Chief .....	John Ballard
Economic Development Director .....	Allison Thompson
Building Official .....	Johnny Kendro
Library Manager .....	Toni Simmons
Parks & Recreation Director .....	Rhoda Savage
Planning Director .....	Rod Tyler
Public Works Director .....	Elias Sassoon
Information Technology Manager .....	Earl Shipman
Tri-City Animal Shelter Director .....	Tammy Miller
Municipal Court Judge .....	Michael Petty

## **FINANCIAL SECTION**



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of  
The City Council  
City of Cedar Hill, Texas

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill, as of September 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4-14, the Schedule of Funding Progress – TMRS Plan, on page 65, the Schedule of Funding Progress – Reserve Police Department Plan, on page 66, Other Post Employment Benefits Plan Analysis of Funding Progress, on page 67, and Budgetary Comparison Schedules – General Fund and Joe Pool fund, on pages 68-70, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2014 on our consideration of the City of Cedar Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Crowe Horwath LLP*  
Crowe Horwath LLP

Dallas, Texas  
May 23, 2014



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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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, 2013. 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, 2013, by \$151,984,959 (net position). Of this amount, \$17,865,486 (unrestricted net position) 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 position increased by \$176,129.
- As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$79,975,179. \$71,819,271 of this fund balance is subject to various commitments such as construction projects. Approximately 10% of this amount, or \$8,155,908, is unassigned and available for use within the City's designation and policies.
- At the end of the fiscal year on September 30, 2013, unassigned fund balance for the general fund was \$8,155,908, or 28%, of the total general fund expenditures. The fund balance of the general fund increased \$7,491.
- The Joe Pool Fund's fund balance increased by \$1,919,121, 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 \$69,121. 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.

## **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, 2013**

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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 Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. 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 position 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 position 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 15-17 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, 2013**

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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-three 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 eighteen 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 18-23 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 24-27 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 28-29 of this report.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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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 30-64 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 65-70 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 71-89 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, the net position may serve as a useful indicator of a government's financial position. The City of Cedar Hill's net position exceeded liabilities by \$151,984,959 as of September 30, 2013 as shown in the table below.

Condensed Statement of Net Position  
At September 30, 2013 and 2012

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>FY2013</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2012</b>	<b>FY2013</b>	<b>FY2012</b>
Current and other assets	\$ 86,822,175	\$ 87,949,769	\$ 14,922,794	\$ 14,261,587	\$ 101,744,969	\$ 102,211,356
Capital assets	164,895,447	165,348,259	49,873,263	50,379,540	214,768,710	215,727,799
Total assets	251,717,622	253,298,028	64,796,057	64,641,127	316,513,679	317,939,155
Noncurrent liabilities	149,644,614	150,386,581	10,738,286	11,486,058	160,382,900	161,872,639
Other liabilities	2,823,056	3,039,744	1,322,764	1,217,942	4,145,820	4,257,686
Total liabilities	152,467,670	153,426,325	12,061,050	12,704,000	164,528,720	166,130,325
Net position:						
Net investment in capital assets						
of related debt	74,150,379	72,238,826	45,615,944	45,886,988	119,766,323	118,125,814
Restricted	10,964,938	10,973,051	3,388,212	3,137,658	14,353,150	14,110,709
Unrestricted	14,134,635	16,659,826	3,730,851	2,912,481	17,865,486	19,572,307
Total Net position	\$ 99,249,952	\$ 99,871,703	\$ 52,735,007	\$ 51,937,127	\$ 151,984,959	\$ 151,808,830

The largest portion of the City's net position (79%) 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, 2013**

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An additional portion of the City's net position (9%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position (12%) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net position of the City increased \$176,129, or 0.1%, in fiscal year 2013. Total net position of governmental activities decreased by (\$621,751) or 0.6%. The overall change in net position 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 decrease by \$175,078. This increase is the result of the changes in fund balance of the following funds: the General Fund increased \$7,491, the Debt Service Fund increased \$226,949, the Joe Pool Fund increased \$1,919,121, the General Obligation Bond Fund declined \$2,264,099, the Capital Recovery Fund declined \$395,836 and the nonmajor funds increased \$331,296. The increase in the fund balance in the General Fund was primarily due to management's efforts to monitor spending resulting in actuals expenditures incurred below budgeted amounts. 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 governmental activity funds declined \$424,894 due to depreciation exceeding assets obtained through construction and donation of assets. The liability for the Joe Pool water rights increased \$3,766,834 and changes in other long-term liabilities totaled a decline of \$4,508,801.

Total net position of business-type activities increased by \$797,880 or 1.5%. This increase is attributable to increases in charges for services compared to prior year and increases in capital grants and contributions by developers as well as a decline in expenditures from previous year.

***Analysis of the City's Operations***—The following table provides a summary of the City's operations for the year ended September 30, 2013. The decreased in net position for the governmental activities totaled \$593,833. Total revenues for these activities declined \$13,388 compared to the previous year. Key impacts in governmental activities include property tax revenue declined \$179,454 due to a decrease in new development. Sales and use tax increased by \$332,931 primarily due to increase in consumer spending. Capital grants and contributions provided by developers increased by \$2,081,441 to support capital projects. Charges for services increased by \$1,340,352 due to an increase in building permits issued. Investment earnings decreased by \$3,747,968 primarily due to a decrease in market value of investments in the Joe Pool Fund. Governmental activities expenditures increased by \$1,758,919 primarily due to a 5% public safety salary increase, depreciation and interest and fiscal charges.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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Total net position of business-type activities increased by \$797,880 or 1.5%. This increase resulted from higher than expected water sales and sewer charges and capital grants and contributions by developers.

**Changes in Net Position**  
For the Years Ended September 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,808,788	\$ 7,468,436	\$ 17,209,452	\$ 15,977,792	\$ 26,018,240	\$ 23,446,228
Operating grants/contributions	2,024,725	1,979,785	-	-	2,024,725	1,979,785
Capital grants/contributions	2,795,676	714,235	692,880	526,269	3,488,556	1,240,504
General revenues:						
Sales and use taxes	6,698,766	6,365,835	-	-	6,698,766	6,365,835
Property taxes	19,149,038	19,328,492	-	-	19,149,038	19,328,492
Hotel/motel taxes	190,302	161,997	-	-	190,302	161,997
Franchise taxes	3,354,340	3,457,821	-	-	3,354,340	3,457,821
Investment earnings	257,379	4,005,347	56,838	119,897	314,217	4,125,244
Gain on disposal	8,479	-	-	-	8,479	-
Miscellaneous	320,416	167,267	130,088	74,167	450,504	241,434
<b>Total revenues</b>	<b>43,607,909</b>	<b>43,649,215</b>	<b>18,089,258</b>	<b>16,698,125</b>	<b>61,697,167</b>	<b>60,347,340</b>
<b>Expenses:</b>						
General government	5,899,317	5,280,221	-	-	5,899,317	5,280,221
Public safety	19,700,185	19,105,202	-	-	19,700,185	19,105,202
Public works	6,441,727	6,572,399	-	-	6,441,727	6,572,399
Community services	6,829,000	6,388,243	-	-	6,829,000	6,388,243
Water and sewer	-	-	15,491,378	15,674,005	15,491,378	15,674,005
Interest and fiscal charges	7,159,431	6,924,676	-	-	7,159,431	6,924,676
<b>Total expenses</b>	<b>46,029,660</b>	<b>44,270,741</b>	<b>15,491,378</b>	<b>15,674,005</b>	<b>61,521,038</b>	<b>59,944,746</b>
<b>Increase and decrease in net position before transfers</b>	<b>(2,421,751)</b>	<b>(621,526)</b>	<b>2,597,880</b>	<b>1,024,120</b>	<b>176,129</b>	<b>402,594</b>
<b>Transfers</b>	<b>1,800,000</b>	<b>1,800,000</b>	<b>(1,800,000)</b>	<b>(1,800,000)</b>	<b>-</b>	<b>-</b>
<b>Increase and decrease in net position</b>	<b>(621,751)</b>	<b>1,178,474</b>	<b>797,880</b>	<b>(775,880)</b>	<b>176,129</b>	<b>402,594</b>
<b>Net position—beginning</b>	<b>99,871,703</b>	<b>98,693,229</b>	<b>51,937,127</b>	<b>52,713,007</b>	<b>151,808,830</b>	<b>151,406,236</b>
<b>Net position—ending</b>	<b>\$ 99,249,952</b>	<b>\$ 99,871,703</b>	<b>\$ 52,735,007</b>	<b>\$ 51,937,127</b>	<b>\$ 151,984,959</b>	<b>\$ 151,808,830</b>

## 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 \$79,975,179. Approximately 10% or \$8,155,908 of this total amount constitutes unassigned fund balance which is available for any public use. Approximately 27% of the total fund balance or \$21,348,471 represent restricted fund balance and is constrained by creditors, grantors, contributors or laws and regulations. The committed fund balance of \$50,422,531 or 63% 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)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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The General Fund revenues exceeded expenditures and transfers by \$7,491. Management continues to be proactive in monitoring and prioritizing expenditures. The year-end fund balance totals 28% 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 increased by \$226,949 to \$1,340,738 or 17% of actual expenditures, resulting in the fund being above its 15% fund balance policy.

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 \$1,919,121. \$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 \$69,121 of investment earnings.

The General Obligation Bond Fund accounts for funds to construct streets and several building renovations. The fund received \$44,959 in investment earnings during the fiscal year and incurred expenditures of \$4,804,454 for capital projects.

The Capital Recovery Fund accounts for the street impact fees. The fund received \$913,425 in fees and \$30,564 in investment earnings during the fiscal year. The fund transferred a net amount of \$1,336,425 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 increase by \$331,296. The primary reason for this increase is due to management's proactive approach of monitoring and prioritizing expenditures.

**Proprietary Funds**—The City has two proprietary funds, a water and sewer (enterprise) fund and an 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 position of the enterprise fund were \$3,730,851. 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 \$28,874,419 or \$1,282,475 less than the \$30,156,894 budget. Expenditures represent 95.7% of the authorized budget. General Fund revenues totaled \$28,846,584 or \$993,961 below budget. The City had budgeted a reduction of Fund Balance of \$393,714, but management's proactive approach in monitoring revenues and expenditures resulted in an increase in fund balance of \$7,491 instead of using any fund balance as originally anticipated during the budget process.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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## CAPITAL ASSETS

The City's investment in capital assets for its government-wide activities as of September 30, 2013 amounts to \$214,768,710 (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:

Pleasant Run 4	\$2,219,882
Lake Ridge Parkway Phase II	\$2,158,932
Sanitary Lift Station	\$ 226,134

Capital Assets at September 30, 2013 and 2012

Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Land	\$ 15,673,083	\$ 15,748,398	\$ 367,764	\$ 367,764	\$ 16,040,847	\$ 16,116,162
Construction-in-progress (CIP)	7,587,372	7,343,435	1,263,201	573,055	8,850,573	7,916,490
Buildings/facilities and improvements	38,692,681	39,291,629	1,070	127,649	38,693,751	39,419,278
Water system	-	-	31,115,598	31,833,544	31,115,598	31,833,544
Sewer system	-	-	16,530,391	16,936,719	16,530,391	16,936,719
Equipment	3,204,478	3,137,223	595,239	540,809	3,799,717	3,678,032
Infrastructure	89,164,421	88,741,374	-	-	89,164,421	88,741,374
Water rights	10,481,919	10,971,347	-	-	10,481,919	10,971,347
Master studies	91,493	114,853	-	-	91,493	114,853
Total	<u>\$ 164,895,447</u>	<u>\$ 165,348,259</u>	<u>\$ 49,873,263</u>	<u>\$ 50,379,540</u>	<u>\$ 214,768,710</u>	<u>\$ 215,727,799</u>

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, 2013, the City had \$55,019,860 in General Obligation Bonds and \$20,160,000 in Certificates of Obligations, along with \$8,835,000 in Water and Sewer Revenue Bonds outstanding. The general obligation bonds and \$8,570,000 of the certificates are pledged by and will be funded by future property tax receipts. The Economic Development Corporation has a contractual obligation to provide the funds for debt service for an additional \$11,590,000 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, 2013, the City's 43.21% share of the contract amounted to a \$70,049,322 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.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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At September 30, 2013, the amount accumulated in the Joe Pool Fund for the retirement of this debt is \$46,527,005. 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 \$4,107,358 for government activities, compensated absences totaling \$359,988 for business-type activities, an OPEB liability of \$281,423, Pension trust liability of \$40,385, a liability to a developer for utility line construction of \$48,789, a lease liability of \$14,318 and \$1,527 of accrued arbitrage liability.

**Outstanding Noncurrent liabilities at September 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Totals	
	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
General Obligation	\$ 55,019,860	\$ 59,092,275	\$ 1,460,140	\$ 1,702,725	\$ 56,480,000	\$ 60,795,000
Certificate of Obligation	20,160,000	20,880,000	-	-	20,160,000	20,880,000
Waterworks & Sewer System Revenue	-	-	8,835,000	9,325,000	8,835,000	9,325,000
Other Obligations	70,049,322	66,282,488	-	-	70,049,322	66,282,488
Reacquisition cost of refunded bonds	(1,056,945)	(1,241,365)	(3,265)	(4,566)	(1,060,210)	(1,245,931)
Unamortized premiums and discount (net)	1,027,366	1,195,400	37,634	42,433	1,065,000	1,237,833
Compensated absences	4,107,358	3,900,164	359,988	347,894	4,467,346	4,248,058
OPEB	281,423	226,478	-	-	281,423	226,478
Arbitrage	1,527	6,210	-	-	1,527	6,210
Police pension liability	40,385	24,102	-	-	40,385	24,102
Other long-term liabilities	14,318	20,829	48,789	72,572	63,107	93,401
Total	\$ 149,644,614	\$ 150,386,581	\$ 10,738,286	\$ 11,486,058	\$ 160,382,900	\$ 161,872,639

**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 7 to the basic financial statements.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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**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 position by \$2,920,614 to \$8,877,265. This net position will be used in the future to develop additional recreational facilities. The CDC incurred \$3,007,433 in expenses and earned \$676,055 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) new business enterprise development and attraction.

The EDC increased its net position by \$470,779 to \$10,956,797 during the fiscal year. The corporation incurred \$2,729,046 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 \$1,538,803 in administrative costs.

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

Based on local, state and national economic indicators, the recovery from the recession has been seen as the City experienced its first increase in taxable values after seeing four consecutive years of declining valuations.

Taxable values increased approximately \$4.6 million, or .17%. 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 2014 increased to \$0.69876 cents from \$0.68569 per \$100 valuation. The property tax is budgeted to generate \$13,854,000 for the General Fund. This amount represents about 57 percent of all general fund operating revenues. General Fund property tax revenue for Fiscal Year 2014 is projected to increase by \$86,200 or .6% when compared to Fiscal Year 2013 budgeted revenues.

The City's portion of the sales tax rate is two percent, which includes a voter approved referendum 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 (EDC) and the Community Development Corporation (CDC) each receive one-half of one percent. In November 2012, voters approved the creation of a Crime Control and Prevention District (CCPD) and authorized the re-allocation of one-eighth cent from the EDC to the CCPD. The State Comptroller began collecting the adjusted sales tax rates beginning July 1, 2013. Sales tax revenue growth for the General Fund for Fiscal Year 2014 is projected to grow approximately 4% to \$6.929 million based on trends over the last twelve months.

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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In fiscal year 2014, a 5% and 4% salary increase were approved for uniform public safety and general employees, respectively. Expenditures budgets have been adjusted based on budgeted 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.



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

## **BASIC FINANCIAL STATEMENTS**



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

**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	\$ 47,136,939	\$ 1,973,174	\$ 49,110,113	\$ 6,109,901	\$ 8,891,217
Investments	32,090,733	-	32,090,733	-	285,955
Receivables (net of allowances for uncollectible):					
Taxes	2,124,882	-	2,124,882	543,708	407,781
Franchise taxes	765,317	-	765,317	-	-
Accounts	-	3,313,755	3,313,755	-	-
Miscellaneous	2,987,173	-	2,987,173	518,965	
Interest	221,865	-	221,865	-	1,387
Inventory	33,423	-	33,423	-	-
Prepaid and other items	14,846	215	15,061	125	34,376
Deferred issuance costs	984,048	193,379	1,177,427	10,085	-
Restricted assets:					
Restricted for debt service:					
Equity in pooled cash and cash equivalents	-	1,436,036	1,436,036	276,108	-
Restricted capital recovery fee funds—equity in pooled cash and investments	-	1,385,057	1,385,057	-	-
Restricted for deposits—equity in pooled cash and investments	-	455,896	455,896	-	-
Restricted pro rata funds—equity in pooled cash and investments	-	44,303	44,303	-	-
Restricted bond proceeds—equity in pooled cash and investments	-	6,120,979	6,120,979	-	-
Capital assets:					
Nondepreciable	23,260,455	1,630,965	24,891,420	2,438,317	1,737,161
Depreciable—net of accumulated depreciation	141,634,992	48,242,298	189,877,290	-	188,549
Other assets	462,949	-	462,949	-	-
<b>TOTAL ASSETS</b>	<b>251,717,622</b>	<b>64,796,057</b>	<b>316,513,679</b>	<b>9,897,209</b>	<b>11,546,426</b>
<b>LIABILITIES</b>					
Accounts payable	1,025,650	599,768	1,625,418	556,465	542,012
Accrued liabilities	1,038,524	106,616	1,145,140	43,747	10,394
Unearned revenue	379,472	-	379,472	42,345	-
Customer deposits	-	455,896	455,896	16,659	-
Interest payable	379,410	5,787	385,197	1,223	-
Payable from restricted assets-current	-	154,697	154,697	-	-
Noncurrent liabilities:					
Due within one year	6,383,420	921,545	7,304,965	317,319	11,641
Due in more than one year	143,261,194	9,816,741	153,077,935	42,186	25,582
<b>TOTAL LIABILITIES</b>	<b>152,467,670</b>	<b>12,061,050</b>	<b>164,528,720</b>	<b>1,019,944</b>	<b>589,629</b>
<b>NET POSITION</b>					
Net investment in capital assets	74,150,379	45,615,944	119,766,323	2,168,243	1,925,710
Restricted for:					
Debt service	1,557,253	2,003,155	3,560,408	276,108	-
Construction	7,264,238	1,385,057	8,649,295	-	-
Animal shelter	35,606	-	35,606	-	-
Dispatch center	462,949	-	462,949	-	-
Other	1,644,892	-	1,644,892	-	-
Unrestricted	14,134,635	3,730,851	17,865,486	6,432,914	9,031,087
<b>TOTAL NET POSITION</b>	<b>\$ 99,249,952</b>	<b>\$ 52,735,007</b>	<b>\$ 151,984,959</b>	<b>\$ 8,877,265</b>	<b>\$ 10,956,797</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, 2013**

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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	\$ 5,899,317	\$ 1,168,201	\$ 39	\$ 94,998
Public safety	19,700,185	3,798,408	268,584	266
Public works	6,441,727	938,346	50,000	1,837,825
Community services	6,829,000	2,903,833	83,213	862,587
Interest and fiscal charges	7,159,431	-	1,622,889	-
<b>Total governmental activities</b>	<b>46,029,660</b>	<b>8,808,788</b>	<b>2,024,725</b>	<b>2,795,676</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water and sewer	15,491,378	17,209,452	-	692,880
<b>Total business-type activities</b>	<b>15,491,378</b>	<b>17,209,452</b>	<b>-</b>	<b>692,880</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 61,521,038</b>	<b>\$ 26,018,240</b>	<b>\$ 2,024,725</b>	<b>\$ 3,488,556</b>
<b>COMPONENT UNITS:</b>				
Community Development Corporation	3,007,433	676,055	-	1,990,032
Economic Development Corporation	2,729,046	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 5,736,479</b>	<b>\$ 676,055</b>	<b>\$ -</b>	<b>\$ 1,990,032</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 POSITION</b>				
<b>NET POSITION—Beginning</b>				
<b>NET POSITION—Ending</b>				

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

**EXHIBIT A-2**

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<b>Net (Expenses) Revenues and Changes in Net Position</b>					
<b>Primary Government</b>			<b>Component Units</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Community Development</b>	<b>Economic Development</b>	
\$ (4,636,079)	\$ -	\$ (4,636,079)	\$ -	\$ -	
(15,632,927)	-	(15,632,927)	-	-	
(3,615,556)	-	(3,615,556)	-	-	
(2,979,367)	-	(2,979,367)	-	-	
(5,536,542)	-	(5,536,542)	-	-	
<u>(32,400,471)</u>	<u>-</u>	<u>(32,400,471)</u>	<u>-</u>	<u>-</u>	
-	2,410,954	2,410,954	-	-	
-	2,410,954	2,410,954	-	-	
<u>\$ (32,400,471)</u>	<u>\$ 2,410,954</u>	<u>\$ (29,989,517)</u>	<u>\$ -</u>	<u>\$ -</u>	
-	-	-	(341,346)	-	
-	-	-	-	(2,729,046)	
<u>-</u>	<u>-</u>	<u>-</u>	<u>(341,346)</u>	<u>(2,729,046)</u>	
6,698,766	-	6,698,766	3,227,612	3,039,753	
19,149,038	-	19,149,038	-	-	
190,302	-	190,302	-	-	
3,354,340	-	3,354,340	-	-	
257,379	56,838	314,217	29,130	46,538	
8,479	-	8,479	-	113,334	
320,416	130,088	450,504	5,218	200	
1,800,000	(1,800,000)	-	-	-	
<u>31,778,720</u>	<u>(1,613,074)</u>	<u>30,165,646</u>	<u>3,261,960</u>	<u>3,199,825</u>	
(621,751)	797,880	176,129	2,920,614	470,779	
<u>99,871,703</u>	<u>51,937,127</u>	<u>151,808,830</u>	<u>5,956,651</u>	<u>10,486,018</u>	
<u>\$ 99,249,952</u>	<u>\$ 52,735,007</u>	<u>\$ 151,984,959</u>	<u>\$ 8,877,265</u>	<u>\$ 10,956,797</u>	

**CITY OF CEDAR HILL, TEXAS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

<b>ASSETS</b>	<b>General</b>	<b>Debt Service Fund</b>	<b>Joe Pool Fund</b>
<b>EQUITY IN POOLED CASH AND CASH EQUIVALENTS</b>	\$ 8,079,682	\$ 1,302,876	\$ 14,214,407
<b>INVESTMENTS</b>	-	-	32,090,733
<b>RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):</b>			
Taxes	1,763,465	242,674	-
Franchise taxes	730,387	-	-
Miscellaneous	894,300	11,703	-
Interest	-	-	221,865
<b>PREPAID ITEMS</b>	13,971	-	-
<b>INVENTORY</b>	33,423	-	-
<b>TOTAL ASSETS</b>	<u>\$ 11,515,228</u>	<u>\$ 1,557,253</u>	<u>\$ 46,527,005</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 496,891	\$ -	\$ -
Accrued liabilities	972,973	-	-
Unearned revenue	1,826,460	216,515	-
<b>Total liabilities</b>	<u>3,296,324</u>	<u>216,515</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Nonspendable			
Prepaid and inventory	47,394	-	-
Restricted for:			
Construction	-	-	-
PID use	-	-	-
Tourism	-	-	-
Police	-	-	-
Debt service	-	1,340,738	-
Animal shelter	15,602	-	-
Committed for:			
Library	-	-	-
Landscaping	-	-	-
Construction	-	-	-
Building maintenance	-	-	-
Joe pool	-	-	46,527,005
Unassigned	<u>8,155,908</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>8,218,904</u>	<u>1,340,738</u>	<u>46,527,005</u>
<b>TOTAL</b>	<u>\$ 11,515,228</u>	<u>\$ 1,557,253</u>	<u>\$ 46,527,005</u>

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

**EXHIBIT B-1**

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<b>General Obligation Bond Fund</b>	<b>Capital Recovery Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 7,299,642	\$ 6,354,485	\$ 8,960,241	\$ 46,211,333
-	-	-	32,090,733
-	-	118,743	2,124,882
-	-	34,930	765,317
1,676,134	-	405,036	2,987,173
-	-	-	221,865
-	-	875	14,846
-	-	-	33,423
<b><u>\$ 8,975,776</u></b>	<b><u>\$ 6,354,485</u></b>	<b><u>\$ 9,519,825</u></b>	<b><u>\$ 84,449,572</u></b>
\$ 167,592	\$ -	\$ 359,536	\$ 1,024,019
16,432	-	49,119	1,038,524
<b><u>356,747</u></b>	<b><u>-</u></b>	<b><u>12,128</u></b>	<b><u>2,411,850</u></b>
<b><u>540,771</u></b>	<b><u>-</u></b>	<b><u>420,783</u></b>	<b><u>4,474,393</u></b>
-	-	875	48,269
8,435,005	6,354,485	3,690,384	18,479,874
-	-	262,925	262,925
-	-	665,874	665,874
-	-	583,458	583,458
-	-	-	1,340,738
-	-	-	15,602
-	-	131,760	131,760
-	-	1,366,022	1,366,022
-	-	1,572,054	1,572,054
-	-	825,690	825,690
-	-	-	46,527,005
-	-	-	8,155,908
<b><u>8,435,005</u></b>	<b><u>6,354,485</u></b>	<b><u>9,099,042</u></b>	<b><u>79,975,179</u></b>
<b><u>\$ 8,975,776</u></b>	<b><u>\$ 6,354,485</u></b>	<b><u>\$ 9,519,825</u></b>	<b><u>\$ 84,449,572</u></b>

**CITY OF CEDAR HILL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE**  
**SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

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**EXHIBIT B-2**

<b>TOTAL FUND BALANCES—Governmental funds</b>	<b>\$ 79,975,179</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (including internal service fund assets of \$2,394,604).	164,895,447
The regional dispatch center is not reported at the fund level.	462,949
Certain receivables are not available to pay for current-period expenditures and are therefore deferred in the funds.	2,032,378
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.	984,048
Bond interest is not payable with current financial resources and is therefore not accrued at the fund level.	(378,714)
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	(55,019,860)
Certificates of obligation	(20,160,000)
Unamortized premiums	(1,027,366)
Unamortized loss on refunded bonds	1,056,945
Compensated absences	(4,107,358)
Arbitrage liability	(1,527)
OPEB liability	(281,423)
Police pension liability	(40,385)
Other obligation	(70,049,322)
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 position excluding capital assets included above.	908,961
<b>TOTAL NET POSITION—Governmental activities</b>	<b><u>\$ 99,249,952</u></b>



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

---

	<u>General</u>	<u>Debt Service Fund</u>	<u>Joe Pool Fund</u>
<b>REVENUES:</b>			
Taxes	\$ 20,296,252	\$ 5,023,556	\$ -
Franchise taxes	3,239,571	-	-
License and permits	772,875	-	-
Intergovernmental	321,659	1,622,889	-
Charges for services	2,754,327	112,915	-
Fines and forfeitures	885,858	-	-
Investment earnings	51,745	9,991	69,121
Miscellaneous	524,297	-	-
<b>Total revenues</b>	<b>28,846,584</b>	<b>6,769,351</b>	<b>69,121</b>
<b>EXPENDITURES:</b>			
Current:			
General government	4,566,609	-	-
Public works	1,952,155	-	-
Public safety	18,691,931	-	-
Community services	3,503,350	-	-
Debt service:			
Principal retirement	-	4,792,415	-
Interest and fiscal charges	-	3,086,412	-
Capital outlay			
Public works	-	-	-
Public safety	109,806	-	-
Community services	50,568	-	-
<b>Total expenditures</b>	<b>28,874,419</b>	<b>7,878,827</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(27,835)</b>	<b>(1,109,476)</b>	<b>69,121</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	-	1,336,425	1,850,000
Transfer out	(77,365)	-	-
Proceeds from disposal of assets	112,691	-	-
<b>Total other financing sources (uses)</b>	<b>35,326</b>	<b>1,336,425</b>	<b>1,850,000</b>
<b>CHANGE IN FUND BALANCES</b>	<b>7,491</b>	<b>226,949</b>	<b>1,919,121</b>
<b>FUND BALANCES—Beginning</b>	<b>8,211,413</b>	<b>1,113,789</b>	<b>44,607,884</b>
<b>FUND BALANCES—Ending</b>	<b>\$ 8,218,904</b>	<b>\$ 1,340,738</b>	<b>\$ 46,527,005</b>

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

**EXHIBIT B-3**

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<b>General Obligation Bond Fund</b>	<b>Capital Recovery Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 763,456	\$ 26,083,264
-	-	112,634	3,352,205
-	-	-	772,875
-	-	106,293	2,050,841
-	-	2,083,372	4,950,614
-	-	417,474	1,303,332
44,959	30,564	42,015	248,395
<u>2,495,396</u>	<u>913,425</u>	<u>127,301</u>	<u>4,060,419</u>
<u>2,540,355</u>	<u>943,989</u>	<u>3,652,545</u>	<u>42,821,945</u>
-	-	6,333	4,572,942
280,609	3,400	4,140	2,240,304
10,736	-	364,014	19,066,681
-	-	2,423,704	5,927,054
-	-	-	4,792,415
-	-	-	3,086,412
4,431,712	-	148,207	4,579,919
-	-	-	109,806
<u>81,397</u>	<u>-</u>	<u>402,216</u>	<u>534,181</u>
<u>4,804,454</u>	<u>3,400</u>	<u>3,348,614</u>	<u>44,909,714</u>
(2,264,099)	940,589	303,931	(2,087,769)
-	-	27,365	3,213,790
-	(1,336,425)	-	(1,413,790)
-	-	-	<u>112,691</u>
-	(1,336,425)	27,365	1,912,691
(2,264,099)	(395,836)	331,296	(175,078)
<u>10,699,104</u>	<u>6,750,321</u>	<u>8,767,746</u>	<u>80,150,257</u>
<u>\$ 8,435,005</u>	<u>\$ 6,354,485</u>	<u>\$ 9,099,042</u>	<u>\$ 79,975,179</u>

**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, 2013**

**EXHIBIT B-4**

<b>NET CHANGE IN FUND BALANCES—Total governmental funds</b>	\$ (175,078)
 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.	5,223,906
This amount does not include \$591,031 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 position, 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 \$588,683 in depreciation expense recorded in the internal service fund.	(6,407,082)
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.	862,587
The net decrease 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.	(78,943)
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.	(305,535)
Change in the pension assets and liabilities are not reported at the fund level; however, they are reported at the government-wide level.	(16,283)
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.	16,767
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 position.	(207,194)
Additions to OPEB liabilities are not shown in the fund financial statements.	
The net effect of the current year increase is to decrease net position.	(54,945)
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.	4,792,415
Change in water rights obligation are only reported at the government-wide level.	(3,766,834)
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.	168,034
Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net position.	(184,420)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(108,010)
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.	4,683
Proceeds from disposal of capital assets increase fund balance. The government wide statement of activities reports the gain/loss from such transactions. The decrease represents the adjustment to proceeds for the net book value of assets to arrive at gain/loss on disposal.	(134,328)
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.	(251,491)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (621,751)</u></b>

**CITY OF CEDAR HILL , TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2013**

**EXHIBIT C-1**

	<b>Business-Type Activities</b>		<b>Governmental Activities</b>	
	<b>Enterprise Funds</b>		<b>Internal Service Funds</b>	
	<b>Water and Sewer Fund</b>			
<b>ASSETS:</b>				
Current assets:				
Equity in pooled cash and cash equivalents	\$	1,973,174	\$	925,606
Receivables (net, where applicable, of allowances for uncollectibles):				
Accounts		3,313,755		-
Prepaid expenses		215		-
Restricted assets:				
Restricted for debt service:				
Equity in pooled cash and cash equivalents		1,436,036		-
Investments				-
Restricted—customer deposits		455,896		-
Restricted—capital recovery fee funds—equity in pooled cash and cash equivalents		1,385,057		-
Restricted—pro rata funds—equity in pooled cash and cash equivalents		44,303		-
Restricted—bond proceeds—equity in pooled cash and cash equivalents		6,120,979		-
<b>Total current assets</b>		<u>14,729,415</u>		<u>925,606</u>
Noncurrent assets:				
Deferred issuance costs		193,379		-
Capital assets:				
Nondepreciable		1,630,965		-
Depreciable—net of accumulated depreciation		<u>48,242,298</u>		<u>2,394,604</u>
<b>Total noncurrent assets</b>		<u>50,066,642</u>		<u>2,394,604</u>
<b>Total assets</b>		<u>64,796,057</u>		<u>3,320,210</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Payable from current assets:				
Accounts and contracts payable		599,768		1,631
Accrued liabilities		106,616		-
Other obligations-current		25,060		7,861
Compensated absences—current		132,345		-
<b>Total payable from current assets</b>		<u>863,789</u>		<u>9,492</u>
Payable from restricted assets:				
Accounts and contracts payable		154,697		-
Accrued interest		5,787		696
Customer deposits		455,896		-
General obligation bonds payable		254,140		-
Revenue bonds payable		510,000		-
<b>Total payable from restricted assets</b>		<u>1,380,520</u>		<u>696</u>
<b>Total current liabilities</b>		<u>2,244,309</u>		<u>10,188</u>
Noncurrent liabilities:				
Other obligations		23,729		6,457
General obligation bonds payable		1,206,000		
Revenue bonds payable		8,362,634		-
Compensated absences		227,643		-
Loss on refunding		(3,265)		-
<b>Total noncurrent liabilities</b>		<u>9,816,741</u>		<u>6,457</u>
<b>Total liabilities</b>		<u>12,061,050</u>		<u>16,645</u>
<b>NET POSITION:</b>				
Net investment in capital assets		45,615,944		2,394,604
Restricted for:				
Debt service		2,003,155		-
Construction		1,385,057		-
Unrestricted		3,730,851		908,961
<b>Total net position</b>	<u>\$</u>	<u>52,735,007</u>		<u>\$</u> <u>3,303,565</u>

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 POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**EXHIBIT C-2**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES:</b>		
Water sales	\$ 9,496,973	\$ -
Sewer charges	7,058,429	-
Other charges	654,050	469,866
<b>Total operating revenues</b>	<b>17,209,452</b>	<b>469,866</b>
<b>OPERATING EXPENSES:</b>		
Sewage treatment	5,157,361	-
Purchase of water	3,448,465	-
Personnel services	2,504,935	-
Depreciation	1,533,130	588,683
Gross receipts fee	765,150	-
Heat, light and power	385,100	-
Maintenance	316,741	-
Contractual services	589,094	-
Materials and supplies	240,411	179,982
Miscellaneous	72,126	-
<b>Total operating expenses</b>	<b>15,012,513</b>	<b>768,665</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,196,939</b>	<b>(298,799)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Other non-operating revenue	130,088	11,239
Investment income	56,838	4,301
Interest and fiscal charges	(478,865)	(1,033)
Gain on retirement of assets	-	32,801
<b>Total nonoperating revenue (expenses)</b>	<b>(291,939)</b>	<b>47,308</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>1,905,000</b>	<b>(251,491)</b>
Contributions-tap fees and other	478,825	-
Contributions	214,055	-
Transfers out	(1,800,000)	-
<b>Total contributions and transfers</b>	<b>(1,107,120)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>797,880</b>	<b>(251,491)</b>
<b>NET POSITION—Beginning of year</b>	<b>51,937,127</b>	<b>3,555,056</b>
<b>NET POSITION—End of year</b>	<b>\$ 52,735,007</b>	<b>\$ 3,303,565</b>

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



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED September 30, 2013**

	<b>Business-Type Activities Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 16,254,781	\$ 469,866
Cash paid to suppliers	(10,869,410)	(235,825)
Cash paid to employees for services	(2,492,841)	-
<b>Net cash provided by operations</b>	<b>2,892,530</b>	<b>234,041</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 AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(810,494)	(591,031)
Proceeds from sales of assets	-	33,043
Contributions - tap fees and other	478,825	-
Equipment leasing activities	130,088	11,239
Lease payments	-	(6,511)
Interest paid on leased equipment	-	(1,349)
Principal paid on revenue bonds	(732,585)	-
Interest paid on revenue and general obligation bonds	(455,773)	-
<b>Net cash used in capital and related financing activities</b>	<b>(1,389,939)</b>	<b>(554,609)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	77,180	4,301
Proceeds from sale and maturities of securities	936,000	-
<b>Net cash provided by investing activities</b>	<b>1,013,180</b>	<b>4,301</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>715,771</b>	<b>(316,267)</b>
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	<b>10,699,674</b>	<b>1,241,873</b>
<b>CASH AND CASH EQUIVALENTS—End of year</b>	<b>\$ 11,415,445</b>	<b>\$ 925,606</b>

**EXHIBIT C-3**

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	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
	<b>Water and Sewer Fund</b>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income(loss)	\$ 2,196,939	\$ (298,799)
Adjustments:		
Depreciation expense	1,533,130	588,683
Provision for bad debt	(1,053,152)	-
Change in assets and liabilities:		
Decrease in accounts receivable	98,481	-
Decrease in prepaids	25,151	-
Increase (decrease) in accounts payable	6,963	(55,843)
Increase in accrued liabilities	8,450	-
Increase in customer deposits	64,474	-
Increase in compensated absences	12,094	-
<b>Total adjustments</b>	<b>695,591</b>	<b>532,840</b>
<b>NET CASH PROVIDED BY OPERATIONS</b>	<b>\$ 2,892,530</b>	<b>\$ 234,041</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>		
Contributions of capital assets	\$ 214,055	\$ -
Change in fair value of investments	<u>\$ (8,934)</u>	<u>\$ -</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Equity in pooled cash and cash equivalents	\$ 1,973,174	\$ 925,606
Equity in pooled cash and cash equivalents restricted for debt	1,436,036	-
Restricted—customer deposits	455,896	-
Restricted—capital recovery fee funds—equity in pooled cash and investments	1,385,057	-
Restricted—pro rata funds—equity in pooled cash and cash equivalents	44,303	-
Restricted—bond proceeds—equity in pooled cash and cash equivalents	<u>6,120,979</u>	<u>\$ -</u>
	<b>\$ 11,415,445</b>	<b>\$ 925,606</b>

**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2013**

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**EXHIBIT D-1**

	<b>Pension Trust Fund</b>	<b>Police Reserves Benefit Fund</b>
<b>ASSETS:</b>		
Cash	\$ 67,341	
Investments	<u>51,257</u>	
<b>Total assets</b>	<u>118,598</u>	
<b>NET POSITION:</b>		
Held in trust for pension benefits and other purposes	<u>118,598</u>	
<b>Total net position</b>	<u>\$ 118,598</u>	

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**EXHIBIT D-2**

	<u>Pension</u>	<u>Trust Fund</u>
	<u>Police</u>	<u>Reserves</u>
	<u>Benefit Fund</u>	
<b>ADDITIONS:</b>		
Contributions from employer	\$ 15,000	
Investment income	<u>9,412</u>	
<b>Total additions</b>	<u>24,412</u>	
<b>DEDUCTIONS:</b>		
Special services	1,581	
Pension payments	<u>16,416</u>	
<b>Total deductions</b>	<u>17,997</u>	
<b>NET INCREASE</b>		<b>6,415</b>
<b>NET POSITION HELD IN TRUST FOR</b>		
<b>PENSION BENEFITS—Beginning of year</b>		<b><u>112,183</u></b>
<b>NET POSITION HELD IN TRUST FOR</b>		
<b>PENSION BENEFITS—End of year</b>	<b>\$ 118,598</b>	

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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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 (c) 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, 2013**

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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 position 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, 2013**

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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 primary revenue source is investment earnings.
- The *General Obligation Bond Fund* accounts for funds to be used for the construction of streets, 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, 2013**

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

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

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 Position 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, 2013**

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

**D. Assets, Liabilities and Net Position 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 position 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, 2013, 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, 2013.

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, 2013**

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

**D. Assets, Liabilities and Net Position 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 position 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 one year. 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.

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.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

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

**6. Compensated absences – Continued**

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 position. 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 delegated the responsibility to assign funds to the City Manager or the Director of Finance as approved by the fund balance policy. Assignments may occur subsequent to fiscal year end.

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

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

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

**8. Fund equity – Continued**

For the purpose of fund balance classification expenditures are to be spent first from restricted fund balance, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. 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 Position**

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

Police Forfeiture	\$ 95,962
Hotel Occupancy	666,749
Library Fund	131,760
Traffic Safety	327,012
HP-PID	60,796
WO-PID	202,129
Crime Control & Prevention District	<u>160,484</u>
<b>Total</b>	<b><u>\$ 1,644,892</u></b>

**10. New accounting standards**

In the current year the City implemented the following GASB Pronouncements:

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. In the future if there is activity that applies to this statement the City will account for it appropriately.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

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

*10. New accounting standards - Continued*

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.

In June 2011, GASB issued Statement No. 63, *Accounting and Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. 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.

GASB has issued the following Statements which will be effective in future years as described below:

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for periods beginning after December 15, 2012. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City will evaluate the impact of the standard on its Financial Statements and will take the necessary steps to implement it.

In June 2012, GABS issued Statement No 67, *Financial Reporting for Pension Plans* which will be effective for fiscal years beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

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

*10. New accounting standards - Continued*

with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is effective for fiscal years beginning after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is effective for fiscal years beginning after December 15, 2013. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* which will be effective for fiscal years beginning after June 15, 2013. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

The City will evaluate the impact of these statements and will take the necessary steps to implement as needed.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 2. DEPOSITS AND INVESTMENTS**

Included in the statement of net position and the statement of fiduciary net position are cash and investments totaling \$90,761,715.

	Investment Maturities (in Years)				
	Fair Value	Less than		More than	
		1	1-5	6-10	10
City cash—cash	\$ 53,993,625	\$ -	\$ -	\$ -	\$ -
City investments:					
Municipal bonds	32,090,733	-	-	-	32,090,733
Investment pools	3,334,700	3,334,700	-	-	-
Money market mutual fund	1,224,059	1,224,059	-	-	-
Total investments	36,649,492	4,558,759	-	-	32,090,733
Total cash and investments—city	\$ 90,643,117	\$ 4,558,759	\$ -	\$ -	\$ 32,090,733
Pension trust:					
Cash	14,458				
Money market mutual fund	\$ 52,883	52,883	\$ -	\$ -	\$ -
Equities	51,257	51,257	-	-	-
	\$ 118,598	\$ 104,140	\$ -	\$ -	\$ -

**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 \$53,993,625 and the bank balance was \$54,966,796. 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.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

**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.

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	
EI 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		AAAmf	
Federated Prime Obligations Fund SS	Money Market	AAAmf	AAAmf	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		

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

**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 (see footnote 6—other obligations)	None set	Forty years

**Investment in State Investment Pools**

The City invested in TexSTAR Investment Pool. TexSTAR is administered by First Southwest Asset Management Company and JPMorgan Chase. 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. TexStar operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexStar uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares. A complete copy of the TexStar Operating Procedures may be obtained by contacting TexStar Participant Services, 325 North St. Paul, Suite 800, Dallas, TX 75201.

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:

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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

**Economic Development Corporation**

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1–5	6–10	More than 10
Corporation—cash	\$ 8,419,399	\$ -	\$ -	\$ -	\$ -
Certificate of deposit	285,955	-	285,955	-	-
	<u>8,705,354</u>	<u>-</u>	<u>285,955</u>	<u>-</u>	<u>-</u>
Corporation investments:					
Investment pools	280,936	280,936	-	-	-
Money market mutual fund	190,882	190,882	-	-	-
Total investments	<u>471,818</u>	<u>471,818</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investments—corporation	<u>\$ 9,177,172</u>	<u>\$ 471,818</u>	<u>\$ 285,955</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the EDC's deposits and cash on hand was \$8,705,354 and the bank balance was \$9,001,029. 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.

**Community Development Corporation**

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1–5	6–10	More than 10
Corporation—cash	\$ 5,786,740	\$ -	\$ -	\$ -	\$ -
Corporation investments:					
Investment pools	468,137	468,137	-	-	-
Money market mutual fund	131,132	131,132	-	-	-
Total investments	<u>599,269</u>	<u>599,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investments—corporation	<u>\$ 6,386,009</u>	<u>\$ 599,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the CDC's deposits was \$5,786,740 and the bank balance was \$6,183,871. 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, 2013**

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**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:

	General	Debt Service	Joe Pool	General Obligation Bond Fund	Water and Sewer	Nonmajor and Other Funds	Total
Receivables							
Taxes	\$ 1,763,465	\$ 242,674	\$ -	\$ -	\$ -	\$ 118,743	\$ 2,124,882
Franchise	730,387	-	-	-	-	34,930	765,317
Accounts	-	-	-	-	5,347,746	-	5,347,746
Interest	-	-	221,865	-	-	-	221,865
Miscellaneous	2,099,816	11,703	-	1,676,134	-	405,036	4,192,689
Gross receivables	4,593,668	254,377	221,865	1,676,134	5,347,746	558,709	12,652,499
Less: allowance for uncollectible	(1,205,516)	-	-	-	(2,033,991)	-	(3,239,507)
Net total receivables	<u>\$ 3,388,152</u>	<u>\$ 254,377</u>	<u>\$ 221,865</u>	<u>\$ 1,676,134</u>	<u>\$ 3,313,755</u>	<u>\$ 558,709</u>	<u>\$ 9,412,992</u>

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2013 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets—not being depreciated:					
Land	\$ 15,748,398	\$ 31,095	\$ (106,410)	\$ -	\$ 15,673,083
Construction in progress	7,343,435	4,605,774	(27,919)	(4,333,918)	7,587,372
Total capital assets—not depreciated	<u>23,091,833</u>	<u>4,636,869</u>	<u>(134,329)</u>	<u>(4,333,918)</u>	<u>23,260,455</u>
Capital assets—being depreciated:					
Buildings/facilities	53,573,508	1,205,542	-	-	54,779,050
Equipment	10,943,583	835,113	(262,350)	-	11,516,346
Infrastructure	136,466,915	-	-	4,333,918	140,800,833
Water rights	26,284,063	-	-	-	26,284,063
Master studies	367,526	-	-	-	367,526
Total capital assets—being depreciated	<u>227,635,595</u>	<u>2,040,655</u>	<u>(262,350)</u>	<u>4,333,918</u>	<u>233,747,818</u>
Less accumulated depreciation for:					
Buildings/facilities	(14,281,879)	(1,804,490)	-	-	(16,086,369)
Equipment	(7,806,360)	(767,616)	262,108	-	(8,311,868)
Infrastructure	(47,725,541)	(3,910,871)	-	-	(51,636,412)
Water rights	(15,312,716)	(489,428)	-	-	(15,802,144)
Master studies	(252,673)	(23,360)	-	-	(276,033)
Total accumulated depreciation	<u>(85,379,169)</u>	<u>(6,995,765)</u>	<u>262,108</u>	<u>-</u>	<u>(92,112,826)</u>
Total capital assets—being depreciated—net	<u>142,256,426</u>	<u>(4,955,110)</u>	<u>(242)</u>	<u>4,333,918</u>	<u>141,634,992</u>
Governmental activities capital assets—net	<u>\$ 165,348,259</u>	<u>\$ (318,241)</u>	<u>\$ (134,571)</u>	<u>\$ -</u>	<u>\$ 164,895,447</u>

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

**Primary Government – Continued**

Internal service fund capital assets of \$2,394,604 are included in the governmental activities capital assets.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>					
Capital assets—not being depreciated:					
Land	\$ 367,764	\$ -	\$ -	\$ -	\$ 367,764
Construction in progress	573,055	690,146	-	-	1,263,201
Total capital assets—not depreciated	<u>940,819</u>	<u>690,146</u>	<u>-</u>	<u>-</u>	<u>1,630,965</u>
Capital assets being depreciated:					
Buildings/facilities	578,513	-	-	-	578,513
Water systems	42,519,404	153,285	-	-	42,672,689
Sewer systems	23,343,663	60,770	-	-	23,404,433
Equipment	2,905,503	122,652	-	-	3,028,155
Master studies	172,544	-	-	-	172,544
Total capital assets being depreciated	<u>69,519,627</u>	<u>336,707</u>	<u>-</u>	<u>-</u>	<u>69,856,334</u>
Less accumulated depreciation for:					
Buildings/facilities	(450,864)	(126,579)	-	-	(577,443)
Water systems	(10,685,860)	(871,231)	-	-	(11,557,091)
Sewer systems	(6,406,944)	(467,098)	-	-	(6,874,042)
Equipment	(2,364,694)	(68,222)	-	-	(2,432,916)
Master studies	(172,544)	-	-	-	(172,544)
Total accumulated depreciation	<u>(20,080,906)</u>	<u>(1,533,130)</u>	<u>-</u>	<u>-</u>	<u>(21,614,036)</u>
Total capital assets—being depreciated—net	<u>49,438,721</u>	<u>(1,196,423)</u>	<u>-</u>	<u>-</u>	<u>48,242,298</u>
Business-type activities capital assets—net	<u>\$ 50,379,540</u>	<u>\$ (506,277)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,873,263</u>

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

Governmental activities:		
General government		\$ 1,211,768
Public safety		321,051
Community service		865,878
Public works		4,008,385
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets		588,683
Total depreciation expense—governmental activities		<u>\$ 6,995,765</u>
Business-type activities—water and sewer		<u>\$ 1,533,130</u>

**Construction Commitments**

The City has active construction projects as of September 30, 2013. 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 \$14,174,365, of which \$8,850,573 has been spent to date, with a remaining commitment of \$5,323,792.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

**Discretely Presented Component Units**

Activity for the Economic Development Corporation for the year ended September 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets—not being depreciated:					
Land	1,757,544	\$ -	\$ (30,383)	\$ -	\$ 1,727,161
Construction in progress	-	10,000	-	-	10,000
Total capital assets- not being depreciated	<u>1,757,544</u>	<u>10,000</u>	<u>(30,383)</u>	<u>-</u>	<u>1,737,161</u>
Capital assets—being depreciated:					
Leasehold improvements	227,009	-	-	-	227,009
Improvements other than buildings	85,962	-	-	-	85,962
Total capital assets being depreciated	<u>312,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312,971</u>
Less accumulated depreciation for:					
Leasehold improvements	(92,696)	(22,701)	-	-	(115,397)
Improvements other than buildings	(7,306)	(1,719)	-	-	(9,025)
Total accumulated depreciation	<u>(100,002)</u>	<u>(24,420)</u>	<u>-</u>	<u>-</u>	<u>(124,422)</u>
Total capital assets being depreciated—net	<u>212,969</u>	<u>(24,420)</u>	<u>-</u>	<u>-</u>	<u>188,549</u>
EDC Capital assets—net	<u>\$ 1,970,513</u>	<u>\$ (14,420)</u>	<u>\$ (30,383)</u>	<u>\$ -</u>	<u>\$ 1,925,710</u>

Activity for the Community Development Corporation for the year ended September 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets—not being depreciated:					
Construction in progress	<u>\$ 285,092</u>	<u>\$ 2,535,450</u>	<u>\$ (382,225)</u>	<u>\$ -</u>	<u>\$ 2,438,317</u>

CDC capital assets are contributed to the City when completed.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 5. CAPITAL LEASES**

The City entered into a lease agreement as lessee for financing two vehicle equipment of which one is payable from governmental activities, and the other is payable from business type activities. These lease agreements qualify as capital leases for accounting purposes and, therefore, are recorded at the present value of their future minimum lease payments as of the inception date:

The assets acquired through a capital lease are as follows:

	Governmental Activities	Business-type Activities
Assets		
Equipment	\$ 30,566	\$ 28,940
Less accumulated depreciation	<u>(11,207)</u>	<u>(10,611)</u>
Total	<u>\$ 19,359</u>	<u>\$ 18,329</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2013 are as follows:

Year Ending September 30	Governmental Activities	Business-type Activities
2014	\$ 7,861	\$ 7,440
2015	<u>7,861</u>	<u>7,440</u>
Total minimum future lease payments	15,722	14,880
Less: Amount representing interest	<u>(1,406)</u>	<u>(1,330)</u>
Present value of minimum lease payments	<u>\$ 14,316</u>	<u>\$ 13,550</u>

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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, b) to accumulate funds for the retirement of the Joe Pool liability, and c) to preserve adequate General Fund, fund balance and meet General Fund obligations. The transfer activity for the year ended September 30, 2013 is presented in the following schedule:

Transfers to	Transfers From			
	General Fund	Capital Recovery Fund	Enterprise Fund	Nonmajor Funds
Primary government:				
Governmental activities:				
Major funds:				
Debt service	\$ 1,336,425	\$ -	\$ 1,336,425	\$ -
Joe Pool fund	<u>1,850,000</u>	<u>50,000</u>	<u>-</u>	<u>1,800,000</u>
Total major funds	<u>3,186,425</u>	<u>50,000</u>	<u>1,336,425</u>	<u>1,800,000</u>
Nonmajor governmental funds	<u>27,365</u>	<u>27,365</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,213,790</u>	<u>\$ 77,365</u>	<u>\$ 1,336,425</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 7, Other Obligations. The Capital Recovery Fund transferred funds to the Debt Service Fund for payment of debt service. The street construction and Restricted Street Fund transferred funds to General Fund to preserve adequate fund balances and meet General Fund obligations.

**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, 2013**

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**NOTE 7. 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, 2013:

	<u>Balance October 1, 2012</u>	<u>Increases</u>	<u>Retirements/ Refundings</u>	<u>Balance September 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 59,092,275	\$ -	\$ (4,072,415)	\$ 55,019,860	\$ 3,865,860
Certificates of obligation	20,880,000	-	(720,000)	20,160,000	1,105,000
Other obligations	<u>66,282,488</u>	<u>3,766,834</u>	<u>-</u>	<u>70,049,322</u>	<u>-</u>
Total bonds payable	146,254,763	3,766,834	(4,792,415)	145,229,182	4,970,860
Unamortized premiums	1,195,400	-	(168,034)	1,027,366	-
Unamortized discounts	-	-	-	-	-
Unamortized loss on refunded bonds	(1,241,365)	-	184,420	(1,056,945)	-
Compensated absences	3,900,164	1,793,397	(1,586,203)	4,107,358	1,404,699
OPEB liability	226,478	54,945	-	281,423	-
Police pension liability	24,102	16,283	-	40,385	-
Arbitrage liability	6,210	-	(4,683)	1,527	-
Estimated liability for litigation	-	-	-	-	-
Capital lease payable	<u>20,829</u>	<u>-</u>	<u>(6,511)</u>	<u>14,318</u>	<u>7,861</u>
Total governmental long-term liabilities	<u>150,386,581</u>	<u>5,631,459</u>	<u>(6,373,426)</u>	<u>149,644,614</u>	<u>6,383,420</u>
<b>Business-type activities:</b>					
Revenue bonds payable	9,325,000	-	(490,000)	8,835,000	510,000
General obligation bonds payable	1,702,725	-	(242,585)	1,460,140	254,140
Unamortized premiums	47,110	-	(5,496)	41,614	-
Unamortized discounts	(4,677)	-	697	(3,980)	-
Unamortized loss on refunded bonds	(4,566)	-	1,301	(3,265)	-
Other long-term liabilities	52,860	-	(17,620)	35,240	17,620
Compensated absences	347,894	178,611	(166,517)	359,988	132,345
Capital lease payable	<u>19,712</u>	<u>-</u>	<u>(6,163)</u>	<u>13,549</u>	<u>7,440</u>
Total business-type long-term liabilities	<u>11,486,058</u>	<u>178,611</u>	<u>(926,383)</u>	<u>10,738,286</u>	<u>921,545</u>
Total primary government long-term liabilities	<u>\$ 161,872,639</u>	<u>\$ 5,810,070</u>	<u>\$ (7,299,809)</u>	<u>\$ 160,382,900</u>	<u>\$ 7,304,965</u>

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, 2013**

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**NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED**

**General Long-Term Liabilities**

General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2013, consist of the following individual issues:

	Interest Rates	Balance September 30, 2013
General obligation bonds:		
\$8,500,000 2004 General Obligation Bonds, due February 15, 2024	3.75%- 5.00%	385,000
\$8,550,000 2005 General Obligation Refunding Bonds, due February 15, 2020	3.50%- 5.00%	5,245,000
\$12,200,000 2005 General Obligation Bonds, due February 15, 2025	3.50%- 5.125%	8,325,000
\$3,700,000 2006 General Obligation Bonds, due February 15, 2026	4.00%- 4.50%	2,785,000
\$2,300,000 2006A General Obligation Bonds, due February 15, 2026	4.00%- 4.50%	1,635,000
\$8,135,000 2007A General Obligation Bonds, due February 15, 2027	4.00%- 5.00%	6,620,000
\$7,500,000 2008 General Obligation Bonds, due February 15, 2028	3.375%-4.875%	6,135,000
\$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019	2.81%	1,699,860
(Ending balance split between governmental activities of \$1,699,860 and business-type activities of \$1,460,140)		
\$14,630,000 2011 General Obligation Refunding Bonds, due February 15, 2028	3.00%-5.00%	13,245,000
\$9,040,000 2012 General Obligation Refunding Bonds, due Feb.15,2029	.2%-3%	8,945,000
Total general obligation bonds		<u>\$ 55,019,860</u>
Certificate of obligation bonds:		
Governmental activities:		
\$12,890,000 2006 Certificates of Obligation, due February 15, 2026	4.00%-5.00%	11,295,000
\$2,275,000 2007 Certificates of Obligation, due February 15, 2027	4.00%-4.50%	1,655,000
\$8,590,000 2008 Certificates of Obligation, due February 15, 2028	4.00%-4.25%	7,210,000
Total certificate of obligation bonds		<u>\$ 20,160,000</u>
Revenue bonds:		
Business-type activities:		
\$3,000,000 2004 Waterworks and Sewer System Revenue Bonds, due April 1, 2024	3.50%- 4.75%	1,890,000
\$3,000,000 2006 Waterworks and Sewer System Revenue Bonds, due April 1, 2026	4.00%-4.60%	2,220,000
\$3,000,000 2007 Waterworks and Sewer System Revenue Bonds, due April 1, 2027	4.00%-5.00%	2,310,000
\$3,000,000 2008 Waterworks and Sewer System Revenue Bonds, due April 1, 2028	3.50%-5.00%	<u>2,415,000</u>
Total revenue bonds		<u>\$ 8,835,000</u>

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED**

**General Long-Term Liabilities – Continued**

Annual requirements to amortize the long-term debt as of September 30, 2013, are as follows:

Year Ending September 30	Governmental Activities					
	General Obligation Bonds		Certificates of Obligation Bonds		Other Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 3,865,860	\$ 2,026,747	\$ 1,105,000	\$ 868,529	\$ -	\$ -
2015	4,311,240	1,879,104	1,150,000	823,429	-	-
2016	4,492,000	1,722,961	1,195,000	775,635	-	-
2017	4,645,450	1,568,427	1,245,000	725,010	-	-
2018	4,808,515	1,412,437	1,300,000	671,757	-	-
2019-2023	21,426,795	2,438,114	7,425,000	2,438,114	-	-
2024-2028	11,470,000	620,463	6,740,000	620,463	-	-
2029-2030	-	-	-	-	70,049,322	364,034,224
Total principal and interest	<u>\$ 55,019,860</u>	<u>\$ 11,668,253</u>	<u>\$ 20,160,000</u>	<u>\$ 6,922,938</u>	<u>\$ 70,049,322</u>	<u>\$ 364,034,224</u>

Year Ending September 30	Business-Type Activities			
	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	510,000.00	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	580,000	311,246	279,550	15,159
2018	610,000	286,178	286,485	7,206
2019-2023	3,425,000	1,009,516	113,205	1,591
2024-2027	<u>2,625,000</u>	<u>249,616</u>	<u>-</u>	<u>-</u>
Total principal and interest	<u>\$ 8,835,000</u>	<u>\$ 2,930,455</u>	<u>\$ 1,460,140</u>	<u>\$ 114,520</u>

**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, 2013**

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**NOTE 7. 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 \$3,766,834 for the interest accrued and not paid for the year ended September 30, 2013, which increased the long-term debt liability to the current balance of \$70,049,322. 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, 2013, the City owed the developer \$35,240.

**Component Units**

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

	<u>Balance October 1, 2012</u>	<u>Increases</u>	<u>Retirements</u>	<u>Balance September 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Sales Tax Revenue Bonds	\$ 520,000	\$ -	\$ (250,000)	\$ 270,000	\$ 270,000
Unamortized premiums	303	-	(229)	74	-
Compensated absences	80,068	70,308	(60,945)	89,431	47,319
<b>Total long-term liabilities</b>	<b>\$ 600,371</b>	<b>\$ 70,308</b>	<b>\$ (311,174)</b>	<b>\$ 359,505</b>	<b>\$ 317,319</b>

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED**

**Component Units – Continued**

The annual requirements to amortize the long-term debt of the component unit as of September 30, 2013, are as follows:

Year Ending September 30	Community Development Corporation	
	Revenue Bonds Principal	Interest
2014	\$ 270,000	\$ 4,894
Total principal and interest	<u>\$ 270,000</u>	<u>\$ 4,894</u>

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

	Balance October 1, 2012			Balance September 30, 2013		Due Within One Year
		Increases	Retirements			
Compensated absences	\$ 31,993	\$ 18,588	\$ (13,359)	\$ 37,222		\$ 11,641

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.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED**

**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, 2013, to be included as a component unit.

**NOTE 8. 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 year 2013, 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 9. 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, 2012 to September 30, 2013	\$ 5,278,807
TRA adjustment for prior-year settlement	<u>(121,447)</u>
Sewage treatment and water system facility expenses	<u>\$ 5,157,360</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 9. COMMITMENTS AND CONTINGENCIES – CONTINUED**

**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.

**NOTE 10. 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 849 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, 2012, valuations are contained in the 2012 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.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

**Plan Descriptions – Continued**

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, 2012)

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

**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 is 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, 2011 valuation is effective for the rates beginning January 2013).

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

**Annual Pension Costs**

Contributions by the City were \$2,286,157 or 13.28% of the covered payroll of \$17,212,541 as required by the actuarial valuation. Plan participants contributed \$1,176,527. The total fiscal year 2013 payroll was \$17,606,718. Annual City pension cost and related information for the last three years is as follows:

<u>Actuarial Information</u>	FY 2012-2013 12/31/2012	FY 2011-2012 12/31/2011	FY 2010-2011 12/31/2010
Actuarial cost method	Projected Unit Credit Level %	Projected Unit Credit Level %	Projected Unit Credit Level %
Amortization method	25.4 years-closed period	26.3 years-closed period	27.2 years-closed period
Amortization period	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Asset valuation method			
Assumptions			
Investment return	7.0%	7.0%	7.0%
Projected salary increases	varies by age and service	varies by age and service	varies by age and service
Inflation	3.0%	3.0%	3.0%
Cost-of-living adjustment	1.5% (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

<u>Schedule of Funding Information</u>	FY 2012-2013 12/31/2012	FY 2011-2012 12/31/2011	FY 2010-2011 12/31/2010	FY 2009-2010 12/31/2009	FY 2008-2009 12/31/2008
Actuarial valuation date					
Actuarial value of assets	\$57,762,576	\$51,899,146	\$46,695,631	\$31,571,105	\$28,113,719
Actuarial accrued liability	\$67,175,175	\$66,396,210	\$62,239,252	\$47,566,744	\$43,481,703
Unfunded (over-funded) actuarial					
Accrued liability (UAAL)	\$9,412,599	\$14,497,064	\$15,543,621	\$15,995,639	\$15,367,984
Funded ratio	86.0%	78.2%	75.0%	66.4%	64.7%
Annual covered payroll	\$17,212,541	\$16,718,591	\$17,883,868	\$17,131,245	\$16,764,181
UAAL as a percentage of covered payroll	54.7%	86.7%	86.9%	93.4%	91.7%

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

**Annual Pension Costs**

The City's net pension obligation (NPO) for TMRS at December 31, 2012, 2011 and 2010 is calculated as follows:

Actuarial valuation date:	December 31		
	FY 2012-2013 2012	FY 2011-2012 2011	FY 2010-2011 2010
NPO, beginning of the year	\$ -	\$ -	\$ -
Annual pension cost:			
Annual required contribution (ARC)	3,486,545	3,607,237	3,571,408
Contributions made	(3,486,545)	(3,607,237)	(3,571,408)
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 members' deaths on a pay-as-you go basis; any excess contributions and investment income over payments then become net position available for postemployment benefits other than pension benefits (OPEB). The City's contributions to SDBF for the fiscal years ended September 30, 2013, 2012, and 2011, were \$23,861, \$29,680, and \$30,328, respectively, which equaled the required contributions each year.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

**Supplemental Death Benefit Fund – Continued**

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.

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;

**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, 2013, the City had one active member of the plan and nine 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 Plan's 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, 2013).

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

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

Actuarial Valuation Date	2009	2010	2011	2012	2013
Annual required contribution(ARC)	\$ 12,976	\$ 17,581	\$ 20,314	\$ 15,986	\$ 16,350
Interest on NPO	-	187	536	910	925
Adjustment to the ARC				992	(992)
Annual pension cost	12,976	17,768	20,850	17,888	16,283
Contributions made	-	(10,000)	(10,000)	(16,550)	-
Increase (decrease) in net pension obligation(NPO)/asset (NPA)	12,976	7,768	10,850	1,338	16,283
NPO (NPA) beginning of period	(8,830)	4,146	11,914	22,764	24,102
NPO (NPA) at the end of the period	<u>\$ 4,146</u>	<u>\$ 11,914</u>	<u>\$ 22,764</u>	<u>\$ 24,102</u>	<u>\$ 40,385</u>
Percentage of annual pension costs contributed	0%	56%	48%	93%	0%

The funded status of the plan as of the latest actuarial valuation (October 1, 2013) is disclosed below.

Actuarial Valuation Date	October 1, 2013
Actuarial value of assets	\$ 103,819.00
Actuarial accrued liability	205,879.00
Percentage funded	50.4%
Unfunded actuarial accrued liability (UAAL)	102,060
Annual covered payroll	N/A
UAAL as a percentage of covered payroll	N/A

The net pension asset at September 30, 2013, is calculated as follows:

Annual required contribution (ARC)	\$ 16,350
Interest on prior year's net pension asset	925
Adjustment to the ARC	(992)
Annual pension cost	16,283
Contributions made	-
Increase in net pension asset	<u>16,283</u>
Net pension liability—beginning of year	<u>24,102</u>
Net pension liability—end of year	<u>\$ 40,385</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 10. 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 position.

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 11. 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, 2013, membership consisted of:

Retirees and beneficiaries receiving benefits	9
Terminated employees eligible for benefits, but not yet enrolled	0
Active employees	<u>302</u>
Total	<u>311</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 11. 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 \$367 per month for retiree-only coverage, \$587 for employee and children, \$697 per month for retiree and spouse and \$1,110 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, and two preceding years and the related information are as follows:

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Annual required contribution	\$ 95,388	\$ 110,904	\$ 107,674
Interest on prior year net OPEB obligation	10,192	9,088	6,752
Adjustment to annual required contribution	(9,442)	(8,420)	(1,690)
Annual OPEB cost	96,138	111,572	112,736
Contributions made	41,193	87,046	59,091
Increase in net OPEB obligation	54,945	24,526	53,645
Net Obligation - beginning of year	226,478	201,952	148,307
Net Obligation - end of year	<b>\$ 281,423</b>	<b>\$ 226,478</b>	<b>\$ 201,952</b>
Percentage of OPEB costs contributed	43%	78%	52%

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED**

**D. Annual OPEB Cost – Continued**

The funded status of the plan as of actuarial measurement date of December 31, 2012, was as follows:

Actuarial accrued liability	\$ 848,583
Actuarial value of plan assets	<hr/> -
Unfunded actuarial accrued liability	<hr/> \$ 848,583
 Funded ratio	0.0%
Covered payroll	17,212,541
Unfunded actuarial accrued liability as a percentage of covered payroll	4.9%

**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 December 31, 2012, 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 7.50% 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.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**NOTE 12. 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 2013, the City contributed \$856,000 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 position as other assets. At September 30, 2013, the City's investment in the Center is \$462,949. The financial statements of the Center can be obtained by contacting: City of DeSoto Finance Department, 211 E. Pleasant Run Rd., DeSoto, TX 75115.

**NOTE 13. REGIONAL ANIMAL CONTROL SHELTER**

The City entered into an Interlocal Cooperation Agreement with the Cities of DeSoto and Duncanville on September 3, 1991 to establish a Regional Animal Control Shelter facility ("the facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. The City owns a one-third (1/3) share of the facility and is reflected in capital assets. In January 2008, the City issued, in its name, \$2,040,000 of bonds to finance the construction of a new animal control shelter. Combined principal and interest of the obligation totaled \$3,064,113. Although, the entire outstanding principal is reflected in the City's financials, the City of Duncanville and the City of Desoto are each committed to pay one third of that total debt or \$1,021,371 over twenty years starting in fiscal year 2009. The total outstanding debt service commitment as of September 30, 2013 is \$2,296,366. The financial statements of the facility can be obtained by contacting: City of Cedar Hill Finance Department, P.O. Box 96, Cedar Hill, TX 75106-0096.

**NOTE 14. SUBSEQUENT EVENTS**

The city has evaluated all events or transaction that occurred after September 30, 2013 up through May 23, 2014, the date the financial statements were available to be issued and concludes there are not subsequent events requiring recognition or disclosure.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CEDAR HILL, TEXAS**  
**SCHEDULE OF PENSION FUNDING PROGRESS – TMRS PLAN (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**EXHIBIT E-1**

Actuarial Valuation Date	December				
	2008	2009	2010	2011	2012
Actuarial value of assets	\$ 28,113,719	\$ 31,571,105	\$ 46,695,631	\$ 51,899,146	\$ 57,762,576
Actuarial accrued liability	43,481,703	47,566,744	62,239,252	66,396,210	67,175,175
Percentage funded	64.7%	66.4%	75.0%	78.2%	86.0%
Unfunded actuarial accrued liability (UAAL)	15,367,984	15,995,639	15,543,621	14,497,064	9,412,599
Annual covered payroll	16,764,181	17,131,245	17,883,868	16,718,591	17,212,541
UAAL as a percentage of covered payroll	91.7%	93.4%	86.9%	86.7%	54.7%

**CITY OF CEDAR HILL, TEXAS**  
**SCHEDULE OF PENSION FUNDING PROGRESS –**  
**RESERVE POLICE DEPARTMENT PLAN (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**EXHIBIT E-2**

<b>Actuarial Valuation Date</b>	<b>October 1,</b>					
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Actuarial value of assets	\$ 176,590	\$ 117,260	\$ 102,692	\$ 83,232	\$ 112,183	\$ 103,819
Actuarial accrued liability	207,897	205,320	210,956	208,324	211,968	205,879
Percentage funded	84.9%	57.1%	48.7%	40.0%	52.9%	50.4%
Unfunded actuarial accrued liability (UAAL)	31,307	88,060	108,264	125,092	99,785	102,060
Annual covered payroll	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
Annual required contribution (ARC)	6,708	12,976	17,581	20,314	15,896	16,350
Employer's contribution	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 16,550	\$ -
Percentage of ARC contributed	0%	0%	57%	49%	104%	0%

**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 Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2)-(1)		(5) Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
				Unfunded Actuarial Liability	Annual Covered Payroll		
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%
2012	-	\$ 931,907	0.00%	\$ 931,907	\$ 16,718,591		5.6%
2013	-	\$ 848,853	0.00%	\$ 848,853	\$ 17,212,541		4.9%

\*As of December 31, 2012, 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, 2013**

**EXHIBIT E-4**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amount</b>	
<b>REVENUES</b>				
Taxes	\$ 20,207,335	\$ 20,207,335	\$ 20,296,252	\$ 88,917
Franchise fees	3,308,000	3,308,000	3,239,571	(68,429)
Licenses and permits	590,500	590,500	772,875	182,375
Intergovernmental	263,805	263,805	321,659	57,854
Charges for services	2,695,930	2,695,930	2,754,327	58,397
Fines and forfeitures	1,001,565	1,001,565	885,858	(115,707)
Investment earnings	95,650	95,650	51,745	(43,905)
Miscellaneous	1,677,760	1,677,760	524,297	(1,153,463)
<b>Total revenues</b>	<b>29,840,545</b>	<b>29,840,545</b>	<b>28,846,584</b>	<b>(993,961)</b>
<b>EXPENDITURES</b>				
Current Expenditures:				
General administration	4,534,255	4,566,609	4,566,609	-
Public works	1,970,420	1,970,420	1,952,155	18,265
Public safety	19,640,500	19,606,320	18,691,931	914,389
Community services	3,853,170	3,853,172	3,503,350	349,822
Capital Expenditures:				
Public safety	108,550	109,806	109,806	-
Community services	50,000	50,568	50,568	-
<b>Total expenditures</b>	<b>30,156,895</b>	<b>30,156,895</b>	<b>28,874,419</b>	<b>1,282,476</b>
Excess (deficiency) of revenues over expenditures	(316,350)	(316,350)	(27,835)	288,515
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	(50,000)	(77,365)	(77,365)	-
Proceeds from disposal of assets	-	-	112,691	112,691
<b>Total other financing sources (uses)</b>	<b>\$ (50,000)</b>	<b>\$ (77,365)</b>	<b>\$ 35,326</b>	<b>\$ 112,691</b>
Net change in fund balances	(366,350)	(393,715)	7,491	401,206
Fund balances, beginning of year			8,211,413	
Fund balances, end of year			<b>\$ 8,218,904</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, 2013**

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**EXHIBIT E-5**

	Original	Final	Actual	Variance with Final Budget— Positive (Negative)
<b>REVENUES—Investment earnings</b>	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 69,121</u>	<u>\$ (2,430,879)</u>
<b>Total revenues</b>	<u>2,500,000</u>	<u>2,500,000</u>	<u>69,121</u>	<u>(2,430,879)</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 SOURCES OVER EXPENDITURES AND OTHER USES</b>	<u><u>\$ 4,350,000</u></u>	<u><u>\$ 4,350,000</u></u>	<u><u>1,919,121</u></u>	<u><u>\$ (2,430,879)</u></u>
<b>FUND BALANCE—Beginning of year</b>			<u>44,607,884</u>	
<b>FUND BALANCE—End of year</b>			<u><u>\$ 46,527,005</u></u>	

**CITY OF CEDAR HILL, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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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.



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF CEDAR HILL, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2013**

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	<b>Nonmajor Special Revenue Funds</b>			
	<b>Police Forfeiture</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>	<b>Comm. Dev. Block Grant</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 119,209	\$ 639,526	\$ 133,520	\$ 208
Receivables (net, where applicable, of allowances for uncollectibles)	-	28,997	-	-
Prepaid items	-	875	-	-
<b>Total assets</b>	<b>\$ 119,209</b>	<b>\$ 669,398</b>	<b>\$ 133,520</b>	<b>\$ 208</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,650	\$ 1,104	\$ 1,760	\$ 158
Accrued liabilities	21,597	1,545	-	-
Deferred revenue	-	-	-	-
<b>Total liabilities</b>	<b>23,247</b>	<b>2,649</b>	<b>1,760</b>	<b>158</b>
<b>FUND BALANCES</b>				
Nonspendable- prepaids and inventory	-	875	-	-
Restricted for:				
Construction	-	-	-	50
PID use	-	-	-	-
Tourism	-	665,874	-	-
Police	95,962	-	-	-
Committed for:				
Library	-	-	131,760	-
Landscaping	-	-	-	-
Construction	-	-	-	-
Building maintenance	-	-	-	-
<b>Total fund balances</b>	<b>95,962</b>	<b>666,749</b>	<b>131,760</b>	<b>50</b>
<b>Total liabilities and fund balances</b>	<b>\$ 119,209</b>	<b>\$ 669,398</b>	<b>\$ 133,520</b>	<b>\$ 208</b>

**EXHIBIT F-1(CONTINUED)**

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Nonmajor Special Revenue Funds										
High Pointe PID	Waterford Oaks PID	PEG FUND	Justice Grant	Traffic Safety	Landscape Beautification	Crime Control and Prevention District	Total Nonmajor Special Revenue Funds			
\$ 74,146	\$ 203,954	\$ 140,708	\$ -	\$ 367,500	\$ 1,331,042	\$ 51,409	\$ 3,061,222			
9,965	3,744	49,476	-	-	347,784	118,743	558,709			
-	-	-	-	-	-	-	875			
<u>\$ 84,111</u>	<u>\$ 207,698</u>	<u>\$ 190,184</u>	<u>\$ -</u>	<u>\$ 367,500</u>	<u>\$ 1,678,826</u>	<u>\$ 170,152</u>	<u>\$ 3,620,806</u>			
 \$ 13,870	 \$ 2,635	 \$ -	 \$ -	 \$ 39,102	 \$ 298,132	 \$ -	 \$ 358,411			
194	57	-	-	1,386	14,672	9,668	49,119			
9,251	2,877	-	-	-	-	-	12,128			
 23,315	 5,569	 -	 -	 40,488	 312,804	 9,668	 419,658			
 - - - - -							875			
 - - - - -		 190,184					 190,234			
 60,796	 202,129						 262,925			
 - - - - -							 665,874			
 - - - - -				 327,012			 160,484			
 - - - - -							 583,458			
 - - - - -							 131,760			
 - - - - -					 1,366,022		 1,366,022			
 - - - - -							 - - - - -			
 60,796	 202,129	 190,184	 -	 327,012	 1,366,022	 160,484	 3,201,148			
 \$ 84,111	 \$ 207,698	 \$ 190,184	 \$ -	 \$ 367,500	 \$ 1,678,826	 \$ 170,152	 \$ 3,620,806			

**CITY OF CEDAR HILL, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2013**

<b>Nonmajor Capital Projects</b>					
	<b>Certificates of Obligation</b>	<b>Park Development</b>	<b>Restricted Street</b>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,591,522	\$ 548,385	\$ 361,368		
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	-		
Prepaid items	-	-	-		
<b>Total assets</b>	<b>\$ 2,591,522</b>	<b>\$ 548,385</b>	<b>\$ 361,368</b>		
<b>LIABILITIES</b>					
Accounts payable	\$ 1,125	\$ -	\$ -		
Accrued liabilities	-	-	-		
Deferred revenue	-	-	-		
<b>Total liabilities</b>	<b>1,125</b>	<b>-</b>	<b>-</b>		
<b>FUND BALANCES</b>					
Nonspendable- prepaids and inventory	-	-	-		
Restricted for:					
Construction	2,590,397	548,385	361,368		
PID use	-	-	-		
Tourism	-	-	-		
Police	-	-	-		
Committed for:					
Library	-	-	-		
Landscaping	-	-	-		
Construction	-	-	-		
Building maintenance	-	-	-		
<b>Total fund balances</b>	<b>2,590,397</b>	<b>548,385</b>	<b>361,368</b>		
<b>Total liabilities and fund balances</b>	<b>\$ 2,591,522</b>	<b>\$ 548,385</b>	<b>\$ 361,368</b>		

**EXHIBIT F-1(CONCLUDED)**

<b>Nonmajor Capital Projects</b>						<b>Total Nonmajor Capital Project Funds</b>			<b>Total Nonmajor Funds</b>	
<b>Street Construction</b>	<b>Building Maintenance</b>	<b>Drainage</b>	<b>Regional Drainage</b>							
\$ 1,572,054	\$ 192,234	\$ 544,135	\$ 89,321		\$ 5,899,019				\$ 8,960,241	
-	-	-	-		-				558,709	
-	-	-	-		-				875	
<b>\$ 1,572,054</b>	<b>\$ 192,234</b>	<b>\$ 544,135</b>	<b>\$ 89,321</b>		<b>\$ 5,899,019</b>				<b>\$ 9,519,825</b>	
 \$ -	 \$ -	 \$ -	 \$ -		 \$ 1,125				 \$ 359,536	
 - -	 - -	 - -	 - -		 - -				 49,119	
 - -	 - -	 - -	 - -		 - -				 12,128	
 - -	 - -	 - -	 - -		 - -				 1,125	
 - -	 - -	 - -	 - -		 - -				 420,783	
 - -	 - -	 - -	 - -		 - -				 875	
 - -	 - -	 - -	 - -		 - -				 3,500,150	
 - -	 - -	 - -	 - -		 - -				 3,690,384	
 - -	 - -	 - -	 - -		 - -				 262,925	
 - -	 - -	 - -	 - -		 - -				 665,874	
 - -	 - -	 - -	 - -		 - -				 583,458	
 - -	 - -	 - -	 - -		 - -				 131,760	
 - -	 - -	 - -	 - -		 - -				 1,366,022	
 1,572,054	 192,234	 544,135	 89,321		 1,572,054				 1,572,054	
 - -	 - -	 - -	 - -		 - -				 825,690	
 1,572,054	 192,234	 544,135	 89,321		 5,897,894				 825,690	
 <b>\$ 1,572,054</b>	 <b>\$ 192,234</b>	 <b>\$ 544,135</b>	 <b>\$ 89,321</b>		 <b>\$ 5,899,019</b>				 <b>\$ 9,519,825</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, 2013**

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	<b>Nonmajor Special Revenue Funds</b>			
	<b>Police Forfeiture</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>	<b>Comm. Dev. Block Grant</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ 190,302	\$ -	\$ -
Franchise taxes	-	-	-	-
Intergovernmental	-	-	-	83,707
Charges for services	-	-	-	-
Fines and forfeits	31,526	-	-	-
Investment earnings	514	2,936	423	-
Miscellaneous	-	-	57,857	-
<b>Total revenues</b>	<b>32,040</b>	<b>193,238</b>	<b>58,280</b>	<b>83,707</b>
<b>EXPENDITURES</b>				
Current:				
General administration	-	-	-	-
Public works	-	-	-	-
Public safety	31,084	-	-	-
Community services	-	118,505	2,260	-
Capital outlay				
Public works	-	-	-	83,707
Community services	-	-	-	-
<b>Total expenditures</b>	<b>31,084</b>	<b>118,505</b>	<b>2,260</b>	<b>83,707</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>956</b>	<b>74,733</b>	<b>56,020</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other sources over expenditures	956	74,733	56,020	-
Fund balances, beginning of year	95,006	592,016	75,740	50
Fund balances, end of year	<b>\$ 95,962</b>	<b>\$ 666,749</b>	<b>\$ 131,760</b>	<b>\$ 50</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>PEG Fund</b>	<b>Justice Grant</b>	<b>Traffic Safety</b>	<b>Landscape Beautification</b>	<b>Crime Control and Prevention District</b>	<b>Total Nonmajor Special Revenue Funds</b>
\$ 304,680	\$ 97,800	\$ -	\$ -	\$ -	\$ -	\$ 170,674	\$ 763,456
-	-	112,634	-	-	-	-	112,634
19,992	2,328	-	266	-	-	-	106,293
-	-	-	-	-	2,083,372	-	2,083,372
-	-	-	-	385,948	-	-	417,474
560	800	173	-	1,494	5,841	-	12,741
43,336	-	-	-	-	6,108	-	107,301
<b>368,568</b>	<b>100,928</b>	<b>112,807</b>	<b>266</b>	<b>387,442</b>	<b>2,095,321</b>	<b>170,674</b>	<b>3,603,271</b>
-	-	6,333	-	-	-	-	6,333
-	-	-	-	-	-	-	-
-	-	-	425	322,315	-	10,190	364,014
325,226	71,665	-	-	-	1,906,048	-	2,423,704
-	-	-	-	-	-	-	83,707
54,703	19,025	-	-	-	300,326	-	374,054
<b>379,929</b>	<b>90,690</b>	<b>6,333</b>	<b>425</b>	<b>322,315</b>	<b>2,206,374</b>	<b>10,190</b>	<b>3,251,812</b>
(11,361)	10,238	106,474	(159)	65,127	(111,053)	160,484	351,459
-	-	27,365	-	-	-	-	27,365
-	-	27,365	-	-	-	-	27,365
(11,361)	10,238	133,839	(159)	65,127	(111,053)	160,484	378,824
72,157	191,891	56,345	159	261,885	1,477,075	-	2,822,324
<b>\$ 60,796</b>	<b>\$ 202,129</b>	<b>\$ 190,184</b>	<b>\$ -</b>	<b>\$ 327,012</b>	<b>\$ 1,366,022</b>	<b>\$ 160,484</b>	<b>\$ 3,201,148</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, 2013**

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	<b>Nonmajor Capital Projects</b>		
	<b>Certificates of Obligation</b>	<b>Park Development</b>	<b>Restricted Street</b>
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ -
Franchise taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeits	-	-	-
Investment earnings	12,942	2,816	1,770
Miscellaneous	-	20,000	-
<b>Total revenues</b>	<b>12,942</b>	<b>22,816</b>	<b>1,770</b>
<b>EXPENDITURES</b>			
Current:			
General administration	-	-	-
Public works	4,140	-	-
Public safety	-	-	-
Community Services	-	-	-
Capital outlay			
Public works	64,500	-	-
Community Services	28,162	-	-
<b>Total expenditures</b>	<b>96,802</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(83,860)</b>	<b>22,816</b>	<b>1,770</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
<b>Total other financing sources (uses):</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other sources over expenditures	(83,860)	22,816	1,770
Fund balances, beginning of year	2,674,257	525,569	359,598
Fund balances, end of year	<b>\$ 2,590,397</b>	<b>\$ 548,385</b>	<b>\$ 361,368</b>

**EXHIBIT F-2 (CONCLUDED)**

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<b>Nonmajor Capital Projects</b>						<b>Total</b>	<b>Total</b>
<b>Street</b>	<b>Building</b>	<b>Drainage</b>	<b>Regional</b>	<b>Capital Project</b>	<b>Funds</b>	<b>Nonmajor</b>	<b>Nonmajor</b>
<b>Construction</b>	<b>Maintenance</b>		<b>Drainage</b>			<b>Funds</b>	<b>Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 763,456	
-	-	-	-	-	-	112,634	
-	-	-	-	-	-	106,293	
-	-	-	-	-	-	2,083,372	
-	-	-	-	-	-	417,474	
7,701	942	2,666	437	29,274		42,015	
-	-	-	-	20,000		127,301	
<b>7,701</b>	<b>942</b>	<b>2,666</b>	<b>437</b>	<b>49,274</b>		<b>3,652,545</b>	
-	-	-	-	-	-	6,333	
-	-	-	-	-	4,140	4,140	
-	-	-	-	-	-	364,014	
-	-	-	-	-	-	2,423,704	
-	-	-	-	-	64,500	148,207	
-	-	-	-	-	28,162	402,216	
-	-	-	-	-	96,802	3,348,614	
<b>7,701</b>	<b>942</b>	<b>2,666</b>	<b>437</b>	<b>(47,528)</b>		<b>303,931</b>	
-	-	-	-	-	-	27,365	
-	-	-	-	-	-	27,365	
<b>7,701</b>	<b>942</b>	<b>2,666</b>	<b>437</b>	<b>(47,528)</b>		<b>331,296</b>	
<b>1,564,353</b>	<b>191,292</b>	<b>541,469</b>	<b>88,884</b>	<b>5,945,422</b>		<b>8,767,746</b>	
<b>\$ 1,572,054</b>	<b>\$ 192,234</b>	<b>\$ 544,135</b>	<b>\$ 89,321</b>	<b>\$ 5,897,894</b>		<b>\$ 9,099,042</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, 2013**

**EXHIBIT G-1**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget -</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
<b>REVENUES</b>					
Taxes	\$ 5,018,910	\$ 5,018,910	\$ 5,023,556	\$ 4,646	
Intergovernmental	1,724,095	1,724,095	1,622,889	(101,206)	
Investment earnings	23,000	23,000	9,991	(13,009)	
<b>Total revenues</b>	<b>6,766,005</b>	<b>6,766,005</b>	<b>6,769,351</b>		<b>3,346</b>
<b>EXPENDITURES</b>					
Principal retirement	4,792,415	4,792,415	4,792,415		-
Interest and fiscal agent charges	3,179,600	3,179,600	3,086,412		93,188
<b>Total expenditures</b>	<b>7,972,015</b>	<b>7,972,015</b>	<b>7,878,827</b>		<b>93,188</b>
Deficiency of revenues under expenditures	(1,206,010)	(1,206,010)	(1,109,476)		96,534
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,336,425	1,336,425	1,336,425		-
<b>Total other financing sources (uses)</b>	<b>1,336,425</b>	<b>1,336,425</b>	<b>1,336,425</b>		<b>-</b>
<b>Net changes in fund balances</b>	<b>\$ 130,415</b>	<b>\$ 130,415</b>	<b>226,949</b>	<b>\$</b>	<b>96,534</b>
Fund balances, beginning of year			1,113,789		
Fund balances, end of year			<b>\$ 1,340,738</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, 2013**

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**EXHIBIT G-2**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget -</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
<b>REVENUES</b>					
Fines and forfeits	\$ 30,000	\$ 30,000	\$ 31,526	\$ 1,526	
Investment earnings	500	500	514	14	
<b>Total revenues</b>	<b>30,500</b>	<b>30,500</b>	<b>32,040</b>		<b>1,540</b>
<b>EXPENDITURES</b>					
Public safety	29,050	31,084	31,084		-
<b>Total expenditures</b>	<b>29,050</b>	<b>31,084</b>	<b>31,084</b>		<b>-</b>
Excess of revenues over expenditures	1,450	(584)	956		1,540
Changes in fund balances	<b>\$ 1,450</b>	<b>\$ (584)</b>	<b>956</b>	<b>\$</b>	<b>1,540</b>
Fund balances, beginning of year			<b>95,006</b>		
Fund balances, end of year			<b>\$ 95,962</b>		

**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, 2013**

**EXHIBIT G-3**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Taxes	\$ 140,000	\$ 140,000	\$ 190,302	\$ 50,302	
Investment earnings	4,600	4,600	2,936	(1,664)	
<b>Total revenues</b>	<b>144,600</b>	<b>144,600</b>	<b>193,238</b>		<b>48,638</b>
<b>EXPENDITURES</b>					
Community services	144,600	144,600	118,505	26,095	
<b>Total expenditures</b>	<b>144,600</b>	<b>144,600</b>	<b>118,505</b>		<b>26,095</b>
Excess of revenues over expenditures	-	-	74,733	74,733	
<b>Net changes in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>74,733</b>		<b>\$ 74,733</b>
Fund balances, beginning of year			<u>592,016</u>		
Fund balances, end of year			<u>\$ 666,749</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, 2013**

**EXHIBIT G-4**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Investment earnings	\$ 680	\$ 680	\$ 423	\$ (257)	
Miscellaneous revenue	-	-	57,857	57,857	
<b>Total revenues</b>	<b>680</b>	<b>680</b>	<b>58,280</b>		<b>57,600</b>
<b>EXPENDITURES</b>					
Community services	21,000	21,000	2,260	18,740	
<b>Total expenditures</b>	<b>21,000</b>	<b>21,000</b>	<b>2,260</b>		<b>18,740</b>
Excess (deficiency) of revenues over (under) expenditures	(20,320)	(20,320)	56,020	76,340	
<b>Net changes in fund balances</b>	<b>\$ (20,320)</b>	<b>\$ (20,320)</b>	<b>56,020</b>		<b>\$ 76,340</b>
Fund balances, beginning of year				75,740	
Fund balances, end of year				<b>\$ 131,760</b>	

**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, 2013**

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**EXHIBIT G-5**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ 83,519	\$ 83,707	\$ 188
<b>Total revenues</b>	<b>-</b>	<b>83,519</b>	<b>83,707</b>	<b>188</b>
<b>EXPENDITURES</b>				
Capital outlay	-	83,519	83,707	(188)
<b>Total expenditures</b>	<b>-</b>	<b>83,519</b>	<b>83,707</b>	<b>(188)</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<b>Net changes in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
Fund balances, beginning of year				50
Fund balances, end of year				<b>\$ 50</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, 2013**

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**EXHIBIT G-6**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget -</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
<b>REVENUES</b>					
Assessments	\$ 309,050	\$ 309,050	\$ 304,680	\$ (4,370)	
Intergovernmental	20,000	20,000	19,992	(8)	
Investment earnings	1,500	1,500	560	(940)	
Miscellaneous	-	-	43,336	43,336	
<b>Total revenues</b>	<b>330,550</b>	<b>330,550</b>	<b>368,568</b>		<b>38,018</b>
<b>EXPENDITURES</b>					
Community service	219,550	325,226	325,226		-
Capital outlay	55,500	54,703	54,703		-
<b>Total expenditures</b>	<b>275,050</b>	<b>379,929</b>	<b>379,929</b>		-
Excess (deficiency) of revenues over (under) expenditures	55,500	(49,379)	(11,361)		38,018
<b>Net changes in fund balances</b>	<b>\$ 55,500</b>	<b>\$ (49,379)</b>	<b>(11,361)</b>	<b>\$</b>	<b>38,018</b>
Fund balances, beginning of year			72,157		
Fund balances, end of year			<b>\$ 60,796</b>		

**CITY OF CEDAR HILL, TEXAS****EXHIBIT G-7****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, 2013**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
				<b>Positive (Negative)</b>	
<b>REVENUES</b>					
Assessments	\$ 100,000	\$ 100,000	\$ 97,800	\$ (2,200)	
Intergovernmental	3,300	3,300	2,328	(972)	
Investment earnings	2,300	2,300	800	(1,500)	
<b>Total revenues</b>	<b>105,600</b>	<b>105,600</b>	<b>100,928</b>	<b>(4,672)</b>	
<b>EXPENDITURES</b>					
Community service	52,700	62,853	71,665	(8,812)	
Capital outlay	30,000	27,837	19,025	8,812	
<b>Total expenditures</b>	<b>82,700</b>	<b>90,690</b>	<b>90,690</b>	<b>-</b>	
Excess of revenues over expenditures	22,900	14,910	10,238	(4,672)	
<b>Net changes in fund balances</b>	<b>\$ 22,900</b>	<b>\$ 14,910</b>	<b>10,238</b>	<b>\$ (4,672)</b>	
Fund balances, beginning of year			<b>191,891</b>		
Fund balances, end of year			<b>\$ 202,129</b>		

**CITY OF CEDAR HILL, TEXAS**  
**PEG SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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**EXHIBIT G-8**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 112,634	\$ 112,634
Investment earnings	-	-	173	173
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>112,807</b>	<b>112,807</b>
<b>EXPENDITURES</b>				
General administration	-	6,333	6,333	-
<b>Total expenditures</b>	<b>-</b>	<b>6,333</b>	<b>6,333</b>	<b>-</b>
Excess of revenues over expenditures	-	(6,333)	106,474	112,807
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	27,365	27,365
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>27,365</b>	<b>27,365</b>
<b>Net changes in fund balances</b>	<b>\$ -</b>	<b>\$ (6,333)</b>	<b>133,839</b>	<b>\$ 140,172</b>
Fund balances, beginning of year			56,345	
Fund balances, end of year			<b>\$ 190,184</b>	

**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, 2013**

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**EXHIBIT G-9**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ 266	\$	266
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>266</b>		<b>266</b>
<b>EXPENDITURES</b>					
Public safety	-	-	425		(425)
Capital outlay	-	425	-		425
<b>Total expenditures</b>	<b>-</b>	<b>425</b>	<b>425</b>		<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	-	(425)	(159)		266
Changes in fund balances	\$ -	\$ (425)	(159)	\$	266
Fund balances, beginning of year				159	
Fund balances, end of year				\$ -	

**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, 2013**

**EXHIBIT G-10**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget -</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive (Negative)</b>	
<b>REVENUES</b>					
Fines and forfeits	\$ 284,000	\$ 284,000	\$ 385,948	\$ 101,948	
Investment earnings	3,600	3,600	1,494	(2,106)	
<b>Total revenues</b>	<b>287,600</b>	<b>287,600</b>	<b>387,442</b>	<b>99,842</b>	
<b>EXPENDITURES</b>					
Public safety	263,375	263,375	322,315	(58,940)	
Capital outlay	230,825	230,825	-	230,825	
<b>Total expenditures</b>	<b>494,200</b>	<b>494,200</b>	<b>322,315</b>	<b>171,885</b>	
Excess (deficiency) of revenues over (under) expenditures	(206,600)	(206,600)	65,127	271,727	
Changes in fund balances	<u>\$ (206,600)</u>	<u>\$ (206,600)</u>	<u>65,127</u>	<u>\$ 271,727</u>	
Fund balances, beginning of year			<u>261,885</u>		
Fund balances, end of year			<u>\$ 327,012</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, 2013**

**EXHIBIT G-11**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Charges for services	\$2,120,235	\$2,120,235	\$ 2,083,372	\$ (36,863)
Investment earnings	9,500	9,500	5,841	(3,659)
Miscellaneous	4,000	4,000	6,108	2,108
<b>Total revenues</b>	<b>2,133,735</b>	<b>2,133,735</b>	<b>2,095,321</b>	<b>(38,414)</b>
<b>EXPENDITURES</b>				
Community service	1,800,000	1,906,048	1,906,048	-
Capital outlay	575,000	468,952	300,326	168,626
<b>Total expenditures</b>	<b>2,375,000</b>	<b>2,375,000</b>	<b>2,206,374</b>	<b>168,626</b>
Excess of revenues over expenditures	(241,265)	(241,265)	(111,053)	130,212
Net changes in fund balances	<u>\$ (241,265)</u>	<u>\$ (241,265)</u>	<u>(111,053)</u>	<u>\$ 130,212</u>
Fund balances, beginning of year			<u>1,477,075</u>	
Fund balances, end of year			<u>\$ 1,366,022</u>	

**CITY OF CEDAR HILL, TEXAS**  
**CRIME CONTROL AND PREVENTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**EXHIBIT G-12**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Taxes	\$ -	\$ 170,674	\$ 170,674	\$	-
Intergovernmental	-	-	-		-
Investment earnings	-	-	-		-
<b>Total revenues</b>	<b>-</b>	<b>170,674</b>	<b>170,674</b>		-
<b>EXPENDITURES</b>					
Public safety	-	10,190	10,190		-
Capital outlay	-	-	-		-
<b>Total expenditures</b>	<b>-</b>	<b>10,190</b>	<b>10,190</b>		-
Excess (deficiency) of revenues over (under) expenditures	-	160,484	160,484		-
Changes in fund balances	\$ -	<u>\$ 160,484</u>	160,484	\$	-
Fund balances, beginning of year					-
Fund balances, end of year				<u>\$ 160,484</u>	



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**STATISTICAL SECTION  
(UNAUDITED)**



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

## 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 POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**(UNAUDITED)**

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	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Governmental activities				
Invested in capital assets, net of related debt	\$ 48,521,762	\$ 48,374,969	\$ 50,709,962	\$ 71,700,728
Restricted	7,804,156	8,965,160	9,358,327	9,806,890
Unrestricted	20,694,364	25,805,348	29,258,774	15,582,011
<b>Total governmental activities net position</b>	<b>\$ 77,020,282</b>	<b>\$ 83,145,477</b>	<b>\$ 89,327,063</b>	<b>\$ 97,089,629</b>
Business-type activities				
Invested in capital assets, net of related debt	\$ 35,047,901	\$ 40,407,433	\$ 41,416,018	\$ 43,490,027
Restricted	5,870,555	5,099,043	5,001,029	5,011,341
Unrestricted	5,356,634	4,883,916	5,335,239	4,505,699
<b>Total business-type activities net position</b>	<b>\$ 46,275,090</b>	<b>\$ 50,390,392</b>	<b>\$ 51,752,286</b>	<b>\$ 53,007,067</b>
Primary government				
Invested in capital assets, net of related debt	\$ 83,569,663	\$ 88,782,402	\$ 92,125,980	\$ 115,190,755
Restricted	13,674,711	14,064,203	14,359,356	14,818,231
Unrestricted	26,050,998	30,689,264	34,594,013	20,087,710
<b>Total primary government net position</b>	<b>\$ 123,295,372</b>	<b>\$ 133,535,869</b>	<b>\$ 141,079,349</b>	<b>\$ 150,096,696</b>

**Source:** Comprehensive Annual Financial Reports

**TABLE 1**

Fiscal Year						
2008	2009	2010	2011	2012	2013	
\$ 50,450,265	\$ 44,383,937	\$ 72,409,924	\$ 72,596,207	\$ 72,238,826	\$ 74,150,379	
12,950,069	12,859,483	12,232,354	11,378,549	10,973,051	10,964,938	
38,339,323	41,778,292	12,564,824	14,718,473	16,659,826	14,134,635	
<u>\$ 101,739,657</u>	<u>\$ 99,021,712</u>	<u>\$ 97,207,102</u>	<u>\$ 98,693,229</u>	<u>\$ 99,871,703</u>	<u>\$ 99,249,952</u>	
\$ 47,492,002	\$ 47,740,514	\$ 46,312,862	\$ 45,512,376	\$ 45,886,988	\$ 45,615,944	
4,458,851	4,711,553	3,390,278	3,510,291	3,137,658	3,388,212	
4,698,477	3,994,709	3,951,962	3,690,340	2,912,481	3,730,851	
<u>\$ 56,649,330</u>	<u>\$ 56,446,776</u>	<u>\$ 53,655,102</u>	<u>\$ 52,713,007</u>	<u>\$ 51,937,127</u>	<u>\$ 52,735,007</u>	
\$ 97,942,267	\$ 92,124,451	\$ 118,722,786	\$ 118,108,583	\$ 118,125,814	\$ 119,766,323	
17,408,920	17,571,036	15,622,632	14,888,840	14,110,709	14,353,150	
43,037,800	45,773,001	16,516,786	18,408,813	19,572,307	17,865,486	
<u>\$ 158,388,987</u>	<u>\$ 155,468,488</u>	<u>\$ 150,862,204</u>	<u>\$ 151,406,236</u>	<u>\$ 151,808,830</u>	<u>\$ 151,984,959</u>	

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

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	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 2,861,449	\$ 3,153,688	\$ 3,342,833	\$ 5,203,328
Public safety	11,880,117	12,999,503	14,416,779	16,318,022
Public works	4,086,977	4,435,725	5,327,141	10,562,982
Community services	3,703,480	5,260,655	5,001,181	6,443,771
Interest and fiscal charges	<u>4,483,122</u>	<u>4,762,520</u>	<u>5,626,999</u>	<u>1,558,616</u>
<b>Total governmental activities expenses</b>	<u>27,015,145</u>	<u>30,612,091</u>	<u>33,714,933</u>	<u>40,086,719</u>
Business-type activities:				
Water and sewer	\$ 10,569,940	\$ 11,845,403	\$ 14,241,632	\$ 13,300,772
<b>Total business-type activities expenses</b>	<u>10,569,940</u>	<u>11,845,403</u>	<u>14,241,632</u>	<u>13,300,772</u>
<b>Total primary government expenses</b>	<u><u>\$ 37,585,085</u></u>	<u><u>\$ 42,457,494</u></u>	<u><u>\$ 47,956,565</u></u>	<u><u>\$ 53,387,491</u></u>
<b>Program Revenues</b>				
Governmental activates:				
Charges for services				
General government	\$ 126,522	\$ 162,673	\$ 103,001	\$ 113,291
Public safety	2,334,497	1,790,029	2,154,760	2,897,331
Public works	176,418	790,361	829,336	1,934,164
Community services	186,588	644,974	711,285	2,313,069
Operating grants/contributions	1,322,325	1,248,877	2,032,509	2,152,679
Capital grants/contributions	<u>11,961,220</u>	<u>5,414,719</u>	<u>2,768,766</u>	<u>5,991,124</u>
<b>Total governmental activities program revenues</b>	<u>16,107,570</u>	<u>10,051,633</u>	<u>8,599,657</u>	<u>15,401,658</u>
Business-type activities:				
Charges for services	\$ 12,285,016	\$ 13,717,346	\$ 14,705,546	\$ 12,900,524
Capital grants/contributions	<u>7,140,300</u>	<u>3,659,464</u>	<u>2,000,399</u>	<u>2,635,385</u>
<b>Total business-type activities program revenues</b>	<u>19,425,316</u>	<u>17,376,810</u>	<u>16,705,945</u>	<u>15,535,909</u>
<b>Total primary government program revenues</b>	<u><u>\$ 35,532,886</u></u>	<u><u>\$ 27,428,443</u></u>	<u><u>\$ 25,305,602</u></u>	<u><u>\$ 30,937,567</u></u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (10,907,575)	\$ (20,560,458)	\$ (25,115,276)	\$ (24,685,061)
Business-type activities	<u>8,855,376</u>	<u>5,531,407</u>	<u>2,464,313</u>	<u>2,235,137</u>
<b>Total primary government net expense</b>	<u><u>\$ (2,052,199)</u></u>	<u><u>\$ (15,029,051)</u></u>	<u><u>\$ (22,650,963)</u></u>	<u><u>\$ (22,449,924)</u></u>

**Source:** Comprehensive Annual Financial Reports

**TABLE 2 (CONTINUED)**

<b>Fiscal Year</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 5,756,996	\$ 6,552,840	\$ 4,963,810	\$ 4,990,898	\$ 5,280,221	\$ 5,899,317
18,663,748	20,135,740	19,648,564	19,143,067	19,105,202	19,700,185
7,643,024	6,960,893	6,625,549	6,575,290	6,572,399	6,441,727
6,729,210	6,506,179	6,920,678	6,694,703	6,388,243	6,829,000
6,790,548	7,196,794	7,230,607	7,178,521	6,924,676	7,159,431
<u>45,583,526</u>	<u>47,352,446</u>	<u>45,389,208</u>	<u>44,582,479</u>	<u>44,270,741</u>	<u>46,029,660</u>
\$ 13,375,271	\$ 14,145,471	\$ 15,528,663	\$ 16,374,985	\$ 15,674,005	\$ 15,491,378
<u>13,375,271</u>	<u>14,145,471</u>	<u>15,528,663</u>	<u>16,374,985</u>	<u>15,674,005</u>	<u>15,491,378</u>
<u>\$ 58,958,797</u>	<u>\$ 61,497,917</u>	<u>\$ 60,917,871</u>	<u>\$ 60,957,464</u>	<u>\$ 59,944,746</u>	<u>\$ 61,521,038</u>
\$ 332,038	\$ 383,925	\$ 402,651	\$ 366,589	\$ 353,812	\$ 1,168,201
3,327,518	3,841,740	3,630,091	3,592,585	3,936,093	3,798,408
650,794	53,675	134,996	235,140	463,247	938,346
2,527,758	2,460,325	2,635,525	2,487,343	2,715,284	2,903,833
1,999,182	2,382,689	2,263,449	3,112,884	1,979,785	2,024,725
5,580,070	1,940,005	662,691	997,587	714,235	2,795,676
<u>14,417,360</u>	<u>11,062,359</u>	<u>9,729,403</u>	<u>10,792,128</u>	<u>10,162,456</u>	<u>13,629,189</u>
\$ 14,544,318	\$ 14,303,857	\$ 13,762,041	\$ 16,691,383	\$ 15,977,792	\$ 17,209,452
<u>3,629,474</u>	<u>1,174,014</u>	<u>523,394</u>	<u>354,169</u>	<u>526,269</u>	<u>692,880</u>
<u>18,173,792</u>	<u>15,477,871</u>	<u>14,285,435</u>	<u>17,045,552</u>	<u>16,504,061</u>	<u>17,902,332</u>
<u>\$ 32,591,152</u>	<u>\$ 26,540,230</u>	<u>\$ 24,014,838</u>	<u>\$ 27,837,680</u>	<u>\$ 26,666,517</u>	<u>\$ 31,531,521</u>
\$ (31,166,166)	\$ (36,290,087)	\$ (35,659,805)	\$ (33,790,351)	\$ (34,108,285)	\$ (32,400,471)
<u>4,798,521</u>	<u>1,332,400</u>	<u>(1,243,228)</u>	<u>670,567</u>	<u>830,056</u>	<u>2,410,954</u>
<u>\$ (26,367,645)</u>	<u>\$ (34,957,687)</u>	<u>\$ (36,903,033)</u>	<u>\$ (33,119,784)</u>	<u>\$ (33,278,229)</u>	<u>\$ (29,989,517)</u>

(Continued)

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

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	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes				
Sales and use taxes	\$ 4,361,360	\$ 5,111,654	\$ 5,754,164	\$ 5,875,808
Property taxes	13,811,984	14,645,716	17,110,700	17,479,146
Hotel/motel taxes	42,923	54,727	45,696	53,388
Franchise fees	2,461,315	2,662,995	3,111,696	3,005,690
Investment earnings	1,616,406	1,908,517	3,010,643	3,620,069
Gain on disposal of property	-	-	-	49,355
Miscellaneous	562,003	502,044	463,963	563,171
Transfers	1,800,000	1,800,000	1,800,000	1,801,000
<b>Total governmental activities</b>	<b><u>24,655,991</u></b>	<b><u>26,685,653</u></b>	<b><u>31,296,862</u></b>	<b><u>32,447,627</u></b>
Business-type activities:				
Investment earnings	\$ 119,255	\$ 340,448	\$ 646,285	\$ 767,361
Gain/loss of disposal of property	-	-	-	-
Miscellaneous	1,034	43,447	51,296	53,283
Transfers	(1,800,000)	(1,800,000)	(1,800,000)	(1,801,000)
<b>Total business-type activities</b>	<b><u>(1,679,711)</u></b>	<b><u>(1,416,105)</u></b>	<b><u>(1,102,419)</u></b>	<b><u>(980,356)</u></b>
<b>Total primary government</b>	<b><u>\$ 22,976,280</u></b>	<b><u>\$ 25,269,548</u></b>	<b><u>\$ 30,194,443</u></b>	<b><u>\$ 31,467,271</u></b>
<b>Change in Net Assets</b>				
Governmental activities	\$ 13,748,416	\$ 6,125,195	\$ 6,181,586	\$ 7,762,566
Business-type activities	7,175,665	4,115,302	1,361,894	1,254,781
<b>Total primary government</b>	<b><u>\$ 20,924,081</u></b>	<b><u>\$ 10,240,497</u></b>	<b><u>\$ 7,543,480</u></b>	<b><u>\$ 9,017,347</u></b>

**TABLE 2 (CONCLUDED)**

<b>Fiscal Year</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 6,134,991	\$ 5,953,387	\$ 6,132,913	\$ 6,111,207	\$ 6,365,835	\$ 6,698,766
19,669,385	20,122,090	18,765,437	19,155,974	19,328,492	19,149,038
61,571	92,321	107,434	135,676	161,997	190,302
3,060,567	3,228,432	2,945,412	3,284,583	3,457,821	3,354,340
4,450,569	1,765,116	3,406,971	4,535,466	4,005,347	257,379
-	-	40,251	41,859	-	8,479
637,111	610,796	646,777	211,713	167,267	320,416
1,802,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
<u>35,816,194</u>	<u>33,572,142</u>	<u>33,845,195</u>	<u>35,276,478</u>	<u>35,286,759</u>	<u>31,778,720</u>
\$ 604,215	\$ 219,773	\$ 186,944	\$ 125,261	\$ 119,897	\$ 56,838
41,527	45,273	64,610	62,077	74,167	130,088
(1,802,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)
<u>(1,156,258)</u>	<u>(1,534,954)</u>	<u>(1,548,446)</u>	<u>(1,612,662)</u>	<u>(1,605,936)</u>	<u>(1,613,074)</u>
<u>\$ 34,659,936</u>	<u>\$ 32,037,188</u>	<u>\$ 32,296,749</u>	<u>\$ 33,663,816</u>	<u>\$ 33,680,823</u>	<u>\$ 30,165,646</u>
\$ 4,650,028	\$ (2,717,945)	\$ (1,814,610)	\$ 1,486,127	\$ 1,178,474	\$ (621,751)
3,642,263	(202,554)	(2,791,674)	(942,095)	(775,880)	797,880
<u>\$ 8,292,291</u>	<u>\$ (2,920,499)</u>	<u>\$ (4,606,284)</u>	<u>\$ 544,032</u>	<u>\$ 402,594</u>	<u>\$ 176,129</u>

(Concluded)

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

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	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>General Fund</b>				
Reserved for:				
Prepaid and inventory	\$ 43,848	\$ 41,007	\$ 57,474	\$ 71,522
Animal shelter	133,591	143,824	182,641	220,146
Unreserved	6,420,714	6,830,872	8,442,986	9,116,524
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</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>
<b>All Other Governmental Funds</b>				
Reserved for:				
Prepaid and inventory	\$ -	\$ 500	\$ -	\$ -
Construction	32,629,193	41,967,190	49,423,384	33,971,758
Debt service	741,070	839,312	1,194,722	1,398,426
Unreserved - designated for Joe Pool Fund	14,378,961	16,913,557	19,072,590	21,662,048
Unreserved, reported in:				
Special revenue funds	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>\$ 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>

**Source:** Comprehensive Annual Financial Reports

TABLE 3

<b>Fiscal Year</b>					
<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
\$ 83,311	\$ 94,975	\$ 289,796	\$ -	\$ -	\$ -
220,354	136,421	93,240	-	-	-
7,598,987	7,910,030	7,429,188	-	-	-
-	-	-	79,890	108,886	47,394
-	-	-	23,359	21,422	15,602
-	-	-	7,245,735	8,081,105	8,155,908
<b><u>\$ 7,902,652</u></b>	<b><u>\$ 8,141,426</u></b>	<b><u>\$ 7,812,224</u></b>	<b><u>\$ 7,348,984</u></b>	<b><u>\$ 8,211,413</u></b>	<b><u>\$ 8,218,904</u></b>
\$ -	\$ 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	1,175	875
-	-	-	27,061,239	21,065,403	18,479,874
-	-	-	255,046	264,048	262,925
-	-	-	517,732	590,841	665,874
-	-	-	267,580	356,891	583,458
-	-	-	1,214,648	1,113,789	1,340,738
-	-	-	64,273	75,740	131,760
-	-	-	1,006,819	1,477,075	1,366,022
-	-	-	2,077,747	1,564,353	1,572,054
-	-	-	725,215	821,645	825,690
-	-	-	39,186,264	44,607,884	46,527,005
<b><u>\$ 65,821,637</u></b>	<b><u>\$ 68,759,815</u></b>	<b><u>\$ 69,446,665</u></b>	<b><u>\$ 72,380,676</u></b>	<b><u>\$ 71,938,844</u></b>	<b><u>\$ 71,756,275</u></b>

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

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	<b>Fiscal Year</b>			
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Revenues</b>				
Taxes	\$ 18,014,837	\$ 19,919,458	\$ 22,378,271	\$ 23,829,019
Franchise taxes	2,478,655	2,662,995	2,997,796	2,980,459
Licenses and permits	677,840	458,259	587,068	585,160
Intergovernmental	1,322,325	1,159,098	2,011,965	4,193,422
Charges for services	1,590,391	1,557,345	1,615,564	3,235,695
Fines and forfeits	549,564	625,869	838,643	1,218,428
Investment earnings	1,615,885	1,899,237	2,978,760	4,192,754
Miscellaneous	1,888,815	1,359,603	1,306,190	2,578,672
<b>Total revenues</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	2,785,464	3,170,322	3,343,901	5,222,497
Public works	1,613,490	1,737,528	2,122,080	4,769,427
Public safety	11,636,090	13,248,596	14,186,480	16,093,979
Community services	3,233,975	4,564,884	4,140,753	5,702,847
Supplies	16,721	-	-	-
Contractual services	168,599	-	-	-
Principal retirement	2,150,000	2,330,000	2,810,000	2,935,000
Interest and fiscal agent charges	2,049,840	2,029,396	2,432,796	3,487,728
Issuance costs	-	460,719	-	-
Capital outlay	12,059,135	4,041,267	12,417,015	20,139,139
<b>Total expenditures</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>(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	2,312,839	2,250,004	13,359,614	2,463,060
Transfer out	(512,839)	(450,004)	(11,559,614)	(662,060)
Premium on issuance of debt	-	335,810	329,562	-
Issuance of debt	8,633,055	12,200,000	16,590,000	2,300,000
Proceeds from disposal of assets	-	-	-	-
Refunding bonds issued	-	8,550,000	-	-
Payment to refunding bond escrow agent	-	(8,556,184)	-	-
<b>Total other financing sources (uses)</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>\$ 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	17.8%	17.5%	18.1%	16.8%

**Source:** Comprehensive Annual Financial Reports

TABLE 4

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 26,005,485	\$ 26,228,990	\$ 25,057,110	\$ 25,408,781	\$ 25,812,621	\$ 26,083,264
3,060,567	3,239,410	3,745,033	3,188,430	3,431,525	3,352,205
579,360	429,801	599,253	520,502	526,399	772,875
2,154,882	2,465,569	2,550,947	3,532,596	2,224,495	2,050,841
3,643,269	4,649,195	4,587,557	4,491,115	4,669,666	4,950,614
1,367,603	1,170,989	1,307,338	1,330,054	1,372,402	1,303,332
4,200,813	1,600,287	3,217,524	4,510,842	3,989,265	248,395
1,626,613	1,021,043	1,043,796	592,110	877,586	4,060,419
<u>42,638,592</u>	<u>40,805,284</u>	<u>42,108,558</u>	<u>43,574,430</u>	<u>42,903,959</u>	<u>42,821,945</u>
 5,588,631	 5,738,425	 4,268,152	 4,213,256	 4,411,688	 4,572,942
4,146,221	2,799,588	2,258,685	2,131,623	2,056,306	2,240,304
18,452,134	19,953,010	19,365,668	18,715,058	18,560,836	19,066,681
5,835,435	5,696,781	6,111,610	5,800,851	5,478,014	5,927,054
-	-	-	-	-	-
-	-	-	-	-	-
3,860,000	3,930,000	4,284,760	4,271,275	4,524,345	4,792,415
3,582,146	4,250,266	4,001,699	3,957,697	3,444,741	3,086,412
-	-	-	-	-	-
<u>16,714,857</u>	<u>4,607,387</u>	<u>3,297,991</u>	<u>3,990,756</u>	<u>5,815,584</u>	<u>5,223,906</u>
 58,179,424	 46,975,457	 43,588,565	 43,080,516	 44,291,514	 44,909,714
 (15,540,832)	 (6,170,173)	 (1,480,007)	 493,914	 (1,387,555)	 (2,087,769)
 2,347,581	 3,613,525	 3,469,645	 2,903,840	 3,746,000	 3,213,790
(545,581)	(1,813,525)	(1,669,645)	(1,103,840)	(1,946,000)	(1,413,790)
353,385	47,125	-	223,578	474,838	-
19,530,000	7,500,000	2,767,655	14,630,000	9,040,000	-
-	-	-	1,743	-	112,691
-	-	-	-	-	-
-	-	(2,730,000)	(14,678,464)	(9,506,686)	-
<u>21,685,385</u>	<u>9,347,125</u>	<u>1,837,655</u>	<u>1,976,857</u>	<u>1,808,152</u>	<u>1,912,691</u>
 \$ 6,144,553	 \$ 3,176,952	 \$ 357,648	 \$ 2,470,771	 \$ 420,597	 \$ (175,078)
 17.9%	 19.3%	 20.6%	 21.1%	 20.7%	 19.9%

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

**TABLE 5**

<b>Fiscal Year Ended September 30,</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
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
2012	2,810,514,062	277,211,190	(350,446,444)	2,737,278,808	0.68588
2013	2,765,638,796	280,235,120	(340,371,034)	2,705,502,882	0.69569

**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.



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**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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<b>Fiscal Year Ended September 30,</b>	<b>City Direct Rates</b>				<b>Dallas County Community College District</b>	<b>Dallas County Hospital District</b>
	<b>Basic Rate</b>	<b>General Obligation Debt Service</b>	<b>Total Direct</b>	<b>Cedar Hill I.S.D.</b>		
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
2012	0.499820	0.186060	0.685880	1.440000	0.099670	0.271000
2013	0.509630	0.186060	0.695690	1.440000	0.119375	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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Dallas County	County School Equalization	Duncanville I.S.D.	Ellis County	Midlothian I.S.D.
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
0.243100	0.010000	1.418000	0.393599	1.397500
0.243100	0.009937	1.418000	0.380091	1.540000

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

**TABLE 7**

<b>Taxpayer</b>	<b>2013</b>			<b>2004</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value<sup>a</sup></b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value<sup>b</sup></b>
			<b>Value<sup>a</sup></b>			<b>Value<sup>b</sup></b>
Uptown Village at Cedar Hill	\$ 44,984,270	1	1.66%			
EI AD Cedar Hill LLC	40,098,000	2	1.48%			
KRG Cedar Hill Plaza, LP	36,351,550	3	1.34%			
Oncor Electric	25,882,640	4	0.96%			
J C Penney Company	24,707,984	5	0.91%			
Baruch Cedar Hill LLC	23,987,870	6	0.89%			
Wal-Mart Stores	21,757,980	7	0.80%			
Inland Western Dallas	21,072,500	8	0.78%			
Gates Cedar Hill LTD	16,200,000	9	0.60%			
AP Cedar Hill LLC	15,700,000	10	0.58%			
KRG Cedar Hill Plaza, LP				\$ 54,241,480	1	2.59%
PRTC Pleasant Run Towne				34,816,680	2	1.66%
Texwood Industries, LP				34,432,880	3	1.64%
Gates Cedar Hill LTD				28,000,000	4	1.34%
Texas Utilities Electric				27,028,040	5	1.29%
Spectrum Supply ?Chain				23,982,620	6	1.15%
EE Cedar Hill Crossing, LP				23,960,340	7	1.14%
Pattillo Robert Properties				23,740,500	8	1.13%
2002 Legacy Partners, Ltd.				22,876,720	9	1.09%
Target Corporation				22,804,940	10	1.09%
<b>Total</b>	<b>\$ 270,742,794</b>		<b>10.00%</b>	<b>\$ 295,884,200</b>		<b>14.12%</b>

**Source:** Dallas Central Appraisal District

**Note:**

<sup>a</sup> Total taxable value including real and personal property for tax year 2013 (fiscal year 2012) is \$2,737,278,808

<sup>b</sup> Total taxable value including real and personal property for tax year 2002 (fiscal year 2003) is \$1,856,116,931

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

**TABLE 8**

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
2005	\$ 14,585,534	\$ 14,126,698	96.85%	\$ 379,230	\$ 14,505,928	99.45%
2006	16,187,900	15,783,884	97.50%	379,679	16,163,563	99.85%
2007	19,439,840	17,156,014	88.25%	496,895	17,652,909	90.81%
2008	19,267,403	18,867,046	97.92%	317,572	19,184,618	99.57%
2009	20,029,524	19,541,902	97.57%	336,280	19,878,182	99.24%
2010	18,683,884	18,378,688	98.37%	137,689	18,516,377	99.10%
2011	18,643,004	18,379,231	98.59%	157,570	18,536,801	99.43%
2012	18,774,447	18,521,004	98.65%	82,042	18,603,046	99.09%
2013	18,758,258	18,456,444	98.39%	-	18,456,444	98.39%

**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 Personal Income <sup>c</sup>	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificate of Obligation Bonds	Other Obligations	Waterworks & Sewer System Revenue Bonds	Waterworks & Sewer System General Obligations						
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		
2012	59,092,275	20,880,000	66,282,488	9,325,000	1,702,725	157,282,488	13%	5.75%	3,359		
2013	55,019,860	20,160,000	70,049,322	8,835,000	1,460,140	155,524,322	13%	5.75%	3,321		

**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.

**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>Less Sinking Fund</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>				
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
2012	60,795,000	20,880,000	1,113,789	80,561,211	2.94%	1,720
2013	56,480,000	20,160,000	1,340,738	75,299,262	2.78%	1,608

**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, 2013  
(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	\$ 132,074,111	93.26%	\$ 123,172,316
Dallas County	136,430,000	1.47%	2,005,521
Dallas County Community College District	374,265,000	1.47%	5,501,696
Dallas County Hospital District	705,000,000	1.47%	10,363,500
Dallas County Schools	56,920,000	1.47%	836,724
DeSoto Independent School District	132,027,505	0.15%	198,041
Duncanville Independent School District	146,497,100	2.91%	4,263,066
Ellis County	53,121,262	0.79%	419,658
Midlothian Independent School District	228,992,167	2.73%	6,251,486
Subtotal, overlapping debt	1,965,327,145		153,012,008
<b>City of Cedar Hill (direct debt)</b>	<b>75,179,860</b>	<b>100.00%</b>	<b>75,179,860</b>
<b>Total direct and overlapping debt</b>			<b>\$ 228,191,868</b>

**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, 2013  
(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, 2012 is \$0.686 per \$100 of assessed valuation at 100% of market value. The tax rate is 27.4% 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>
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
2012	16,171,856	13,629,548	2,542,308	790,942	3.21
2013	17,396,378	13,479,383	3,916,995	1,046,807	3.74

**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>	<b>Cedar Hill I.S.D. Enrollment <sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
2004	39,800	n/a	n/a	n/a	n/a	7,695	3.7%
2005	41,700	n/a	n/a	n/a	n/a	8,023	5.4%
2006	43,150	n/a	n/a	n/a	n/a	7,843	4.9%
2007	43,950	n/a	n/a	66,786	n/a	7,871	4.7%
2008	44,900	n/a	n/a	65,395	n/a	8,110	6.0%
2009	45,600	n/a	n/a	66,206	33.6	8,233	8.7%
2010	46,300	1,188,382,100	25,667	66,654	34.1	8,204	8.7%
2011	45,260	1,116,699,980	24,673	64,727	32.1	8,134	9.2%
2012	46,829	1,186,084,912	25,328	63,499	31.1	8,170	7.4%
2013	46,829	1,186,084,912	25,328	63,499	31.1	7,868	7.4%

**Note:**

Unable to obtain personal income data for the City of Cedar Hill for 2003-2009.

**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).

<sup>c</sup> Cedar Hill Independent School District

<sup>d</sup> Texas Workforce Commission, September.

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

**TABLE 15**

<b>Employer</b>	<b>2013</b>			<b>2004</b>		
	<b>Estimated Employees</b>	<b>Rank</b>	<b>Percentage of Total City Workforce</b>	<b>Estimated Employees</b>	<b>Rank</b>	<b>Percentage of Total City Workforce</b>
Wal-Mart Supercenter	436	1	1.84%			
JCPenney, Distribution Center	425	2	1.79%			
Super Target	180	3	0.76%			
DMI Corporation	150	4	0.63%			
Dillards	125	5	0.53%			
Home Depot	125	5	0.53%			
Crestview Court	120	8	0.51%			
JCPenney, Department Store	120	8	0.51%			
Trinity School	110	9	0.46%			
Babe's Chicken	115	10	0.49%			
Masco / Texwood Industries				850	1	6.39%
Wal-Mart Supercenter				450	2	3.38%
JCPenney, Distribution Center				400	3	3.01%
Super Target				235	4	1.77%
DMI Corporation				205	5	1.54%
Sampco Supply				150	6	1.13%
Western Cabinets				135	8	1.01%
Trinity School				130	9	0.98%
JCPenney, Department Store				130	9	0.98%
Kohl's				120	10	0.90%
<b>Total</b>	<b>1,906</b>		<b>8.05%</b>	<b>2,805</b>		<b>21.09%</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**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(UNAUDITED)**

**TABLE 16**

<u>Function/Program</u>	<u>Full Time Equivalent Employees as of September 30</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Government:										
Administration	8.00	8.00	8.00	9.50	9.50	10.00	10.00	10.00	10.00	10.00
Human resources	3.00	3.00	3.00	3.75	4.00	4.00	4.00	3.00	4.00	4.00
Information technology	2.00	2.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00
Tax	2.65	2.65	2.65	-	-	-	-	-	-	-
Finance	6.50	6.50	6.50	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Economic development	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Non-Departmental	1.50	1.50	1.50	1.77	1.50	1.50	1.50	0.77	2.27	2.27
Government center	-	-	-	-	-	1.50	1.50	2.50	2.50	2.50
Public Works:										
Streets & drainage	11.00	13.00	13.33	12.25	15.33	13.58	13.58	14.25	14.25	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	32.96	35.96	36.96	39.15	41.65	43.65	43.65	43.65	43.65	43.65
Public Safety:										
Police	61.80	67.80	73.80	81.20	83.00	84.00	84.00	86.10	87.40	87.40
Police (community services)	5.00	-	-	-	-	-	-	-	-	-
Animal control	1.69	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fire	51.00	54.00	58.00	63.00	65.00	69.00	78.00	78.00	78.00	78.00
Municipal court	3.70	5.00	5.00	6.80	6.80	7.30	7.30	6.80	7.93	7.93
Code enforcement	8.00	8.00	9.00	9.00	9.00	9.00	9.00	8.00	9.00	9.00
Animal shelter	8.66	8.66	8.66	7.66	9.63	9.63	9.63	9.63	9.63	9.63
Community Services:										
Parks	21.64	24.66	24.66	22.35	22.35	26.40	26.40	26.40	26.40	28.40
Community development	5.98	5.98	5.23	4.64	5.89	6.79	6.79	6.79	6.79	7.79
Recreation	9.71	9.71	9.71	9.98	9.98	10.25	10.25	10.50	11.50	11.50
Recreation center	14.50	17.96	17.96	22.00	21.00	21.50	21.50	22.50	23.00	23.00
Library	9.62	9.62	10.27	11.49	11.48	11.48	11.48	10.48	10.72	10.72
Planning	3.00	3.00	3.00	4.75	4.00	4.00	4.00	3.00	4.00	4.00
Neighborhood services	0.25	0.25	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Total City Employees:</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>	<b>370.79</b>	<b>373.79</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 & 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>2004</u>	<u>2005</u>
General Government:		
Information Technology		
Installed Employee Desktop Computer Systems	85	25
Onsite Problem Calls	300	500
Vendor visits/Product Evaluations	100	150
Public Works:		
Streets & Drainage		
Number of street lights	1,983	2,053
Water & Sewer		
Number of water consumers	13,726	14,680
Average daily water consumption (millions of gallons)	6.2	5.9
Maximum storage capacity (millions of gallons)	18.0	18.0
Number of sewer connections	12,103	12,574
Public Safety:		
Police		
Index crimes, by calendar year	1,470	1,550
Index crime rate per 100,000, by calendar year	3,682.5	3,791.5
Percent index crimes cleared, by calendar year	17%	21%
Number of reserve police officers	6.00	6.00
Fire		
Calls for service - Fire & EMS	3,753	4,075
Municipal Court		
Number of cases filed	7,418	6,934
Number of cases closed	6,224	6,098
Number of cases appealed	368	222
Number of warrants issued	3,013	2,407
Code Enforcement		
Building permits issued	1,102	778
Total dollar value of permits issued	195,918,323	104,469,980
Animal Shelter		
Number of incoming animals	4,474	4,689
Number of lost pets returned to owners	797	720
Number of animals adopted out	897	826
Number of animals euthanized	2,390	2,382
Number of animals transferred or rescued	526	631

**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>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>	<b><u>2012</u></b>	<b><u>2013</u></b>	
60	51	230	250	34	53	50	55	
700	675	1,500	1,000	3,750	3,700	3,000	3,200	
200	200	500	350	10	10	15	17	
2,355	2,555	2,659	2,670	2,705	2,777	2,777	2,618	
14,786	14,786	14,791	15,188	15,283	15,186	15,236	15,438	
8.3	7.2	8.2	8.5	8.4	9	8	8	
18.0	18.0	18.0	18.0	18.0	18	18	18	
12,922	12,922	13,550	13,791	13,873	13,874	13,956	14,102	
1,553	1,439	1,635	1,814	1,846	1,720	1,752	1,593	
3,631.9	3,224.4	3,542.6	3,902.8	3,955.0	3,673	3,741	3,402	
23%	23%	19%	29%	29%	32%	39%	34%	
4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.00	
4,280	4,830	5,022	5,193	5,221	n/a	n/a	n/a	
8,210	8,762	7,552	6,983	6,419	7,472	6,204	7,188	
7,008	8,369	5,995	7,061	6,165	8,142	6,566	7,193	
268	322	282	214	345	345	126	126	
3,893	2,441	3,953	3,616	2,752	5,056	3,211	3,410	
828	612	578	432	491	404	415	482	
159,250,091	172,408,265	83,105,685	28,441,102	33,687,160	22,611,850	19,898,425	102,991,772	
4,709	5,777	5,243	5,208	5,380	4,909	5,300	4,784	
758	869	811	781	785	769	790	749	
811	756	758	923	797	724	830	741	
2,526	3,122	3,068	2,888	2,757	2,500	2,305	1,931	
522	641	524	796	927	777	800	722	

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

**TABLE 18**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Works:</b>										
Streets & Drainage										
Paved streets (miles) <sup>a</sup>	199	205	206	209	210	210	216	217	218	218
Graded streets (miles)	3	3	0	0	1	1	1	1	1	1
Paved alleys (miles)	41	41	41	41	42	42	42	42	42	42
Storm sewers (miles) <sup>a</sup>	61	64	66	67	70	71	74	76	76	76
Water & Sewer										
Water mains (miles) <sup>a</sup>	247	247	268	270	280	282	279	279	273	278
Storage capacity (millions of gallons)	18	18	18	18	18	18	18	18	18	18
Sanitary sewers (miles) <sup>a</sup>	200	201	225	225	245	247	214	215	214	214
<b>Public Safety:</b>										
Police										
Stations	1	1	1	1	1	1	1	2	2	2
Fire										
Stations	3	3	3	3	3	4	4	4	4	4
Animal Shelter										
Buildings	1	1	1	1	1	1	1	1	1	1
<b>Community Services:</b>										
Parks										
Acreage	596	596	596	667	686	686	692	692	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	18	18	18	19	23	23	23	23	23	23
Community/senior center	1	1	1	1	1	1	1	1	1	1
Recreation center	0	1	1	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