

**CITY OF CEDAR HILL, TEXAS**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED SEPTEMBER 30, 2008**

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

**CITY COUNCIL**

Robert K. Franke, Mayor

Cory Spillman, Mayor Pro Tem	Wade Emmert, Council Member
Makia Epie, Council Member	Daniel C. Haydin Jr., Council Member
Greg Patton, Council Member	Clifford R. Shaw, Council Member

**CITY MANAGER**

Alan E. Sims



**City of Cedar Hill  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**City of Cedar Hill**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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## **INTRODUCTORY SECTION**





City of Cedar Hill  
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March 30, 2009

***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, 2008. 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. 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 2007 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, health services, 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 Governmental Accounting Standards

Board. Based upon these criteria, the Community Development Corporation and the Economic Development Corporation 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 44,900 in 2008. 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 draws nearly 2 million visitors each year, making it one of the most visited state parks in all of Texas. Cedar Hill also has 30 City parks on approximately 685 acres of parkland. Park facilities include a recreation center, softball fields, soccer fields, tennis courts, a municipal swimming pool, football fields, playground equipment, basketball courts, an amphitheatre, fishing ponds, paved trails and nature preserves. This variety of amenities is an asset to our community and 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**

The City's economy continues to remain strong and our location in the DFW Metroplex has permitted the City of Cedar Hill to continue to grow. Although the pace of population growth has slowed somewhat, Cedar Hill had a population growth of 2.16% in 2008 as compared to an average of 4.1% average per year the previous 5 years. Residential and commercial development continues despite the national downturn in the economy. In 2008 there were 63 residential permits and 512 total building permits issued with a total valuation of \$ 72,710,345. In addition, 263 commercial certificates of occupancy were issued in Cedar Hill. Cedar Hill has become the retail center of southwest Dallas County. Retail development continued to expand in Cedar Hill, with approximately 3.1 million square feet of retail space added since January 1, 1999. Cedar Hill Crossing opened 187,000 square feet in 1999. The Plaza at Cedar Hill shopping center opened in 2000 with approximately 300,000 square feet of shopping. A Super Wal-Mart store opened during 2002. Multiple retail developments opened during 2003, including a JC Penney store, the first stand-alone store to open in the United States. Also, in 2003 a 435,000 square foot center anchored by a SuperTarget opened. A 45,000 square foot Cinemark 14 theater opened in the fall of 2004. A new shopping center anchored by a Best Buy opened in the spring of 2005. Uptown Village at Cedar Hill opened in March of 2008 with 800,000 square feet of retail and office space, including a spray park water feature and an open area for concerts and public events. Several new restaurants opened in the Village including Matt's Rancho Cafe, Razzos Cajun Café, Italia Express, and Patrizio's, an upscale Italian eatery. Bailey Prime Plus, the area's first prime steakhouse is under construction and is scheduled to open in the spring of 2009.

Office development continues to be strong. 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. Sandler Southwest completed a 70,000 square foot Class A office building in March 2009 which includes space for a restaurant.

La Quinta opened a 60 room hotel in 2008 and a 70 room Holiday Inn Express is under construction. The Ranch at Cedar Hill opened an Art School, the first of its kind in the area and remodeled the steak house to include fine dining in the art gallery.

The Cedar Hill Government Center (Government Center) opened in July of 2008 with much fanfare. The Government Center is the only cooperative ownership venture of its kind in the State of Texas, including municipal government offices, school district administration offices and police within the same facility. The facility includes 115,000 square feet of offices, meeting space, courtrooms and shared public spaces.

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

The fiscal year 2008 budget was developed based upon an increase in taxable assessed valuation of 3.32%. This is a significant decline from the average growth of 10.3% per year during the past five years. The property tax rate remained at 64.14 cents per \$100 valuation for the seventh consecutive year. The budget also included anticipated growth in sales tax of 11.0%, which compared to an average rate of 14.2% per year during the last five years. The deteriorating national economic conditions have led to reduced sales tax receipts. The City has reduced the sales tax growth projections to approximately 4%. Expenditure budgets have been adjusted to reflect the decline in revenues.

The City continues to remain financially strong and stable as a result of the continued growth of these revenue sources.

The City continues to improve its facilities and street infrastructure. A bond election approving \$60 million for new projects was approved by the voters in September 2003. The City issued \$51.39 million in debt since fiscal year 2004, including \$6.59 million in February 2008, and an additional \$7.5 million in October 2008 to fund street projects. The City continued its facility program by issuing \$2 million in debt in February 2008 to fund an animal shelter expansion. The City also issued \$3 million in Water and Sewer Revenue Bonds in October, 2008, for the construction of water and wastewater infrastructure.

## **FINANCIAL PLANNING AND FISCAL POLICIES**

The City continues to update several master plans to guide the City's long-term growth and financial planning. Significant master planning activity includes: 1) comprehensive land use and thoroughfare plan, 2) a water system master plan, 3) a sewer system master plan, 4) a parks master plan and 5) a library master plan. 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 generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

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

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

## **OTHER INFORMATION**

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

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

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

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Hill for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2007. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

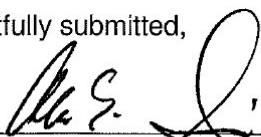
A Certificate of Achievement is valid for a period of one year. The City has received the Certificate of Achievement for the last eighteen consecutive years (fiscal years ended 1990 - 2007). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

**Acknowledgements:**

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

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

Respectfully submitted,



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Alan E. Sims, City Manager



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Hardy Browder, Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Cedar Hill  
Texas**

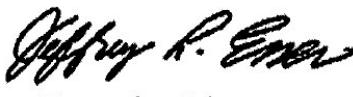
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

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



  
K. L. Rat

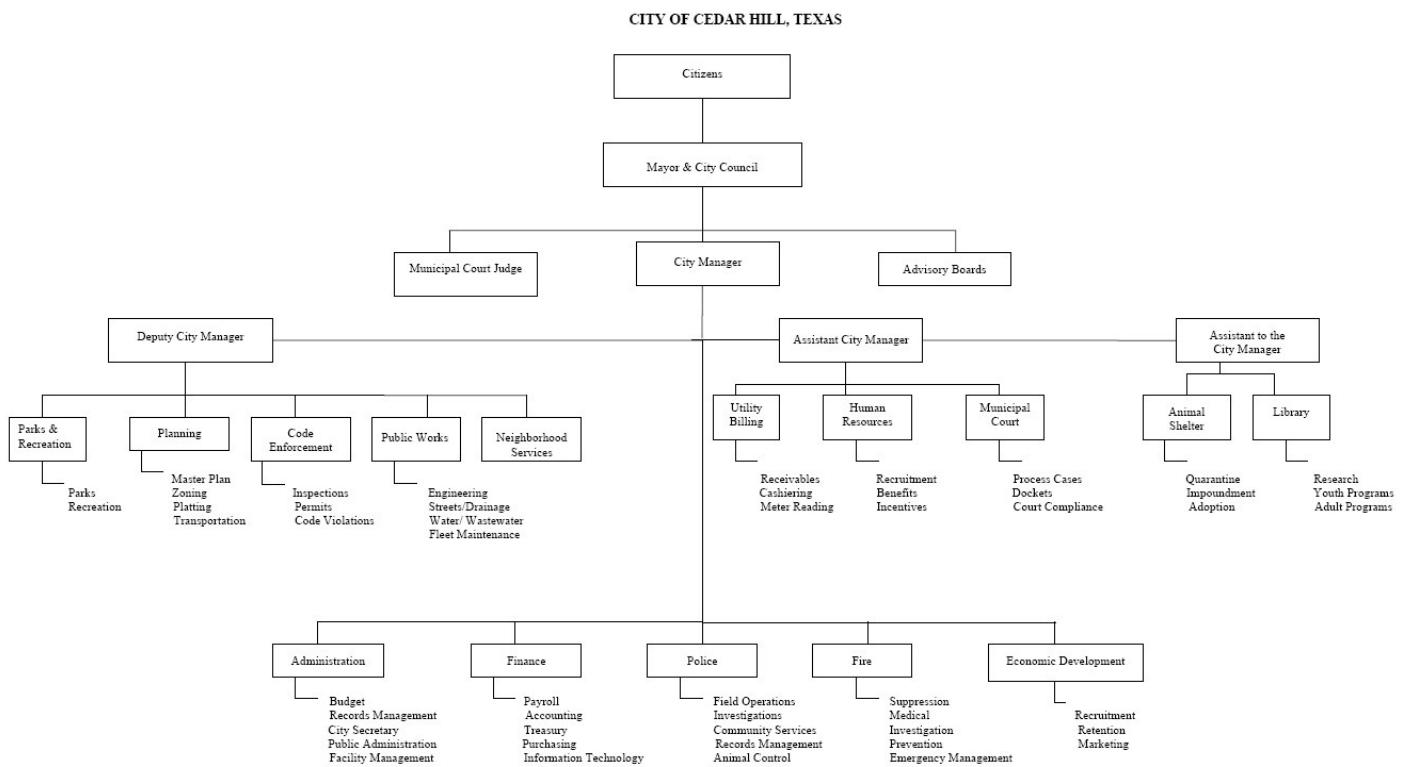
President

  
Jeffrey R. Evans

Executive Director

# CITY OF CEDAR HILL, TEXAS

## ORGANIZATION CHART



**CITY OF CEDAR HILL**  
**List of Principal Officials**  
**at September 30, 2008**

**Elected Officials**

<b>Title</b>	<b>Name</b>
Mayor.....	Robert K. Franke
Mayor Pro-Tem.....	Cory Spillman
Councilmember.....	Wade Emmert
Councilmember.....	Makia Epie
Councilmember.....	Daniel C. Haydin Jr.
Councilmember.....	Greg Patton
Councilmember.....	Clifford R. Shaw

**Appointed Officials**

City Manager.....	Alan E. Sims
Deputy City Manager.....	Greg Porter
Assistant City Manager.....	Paulette Owens-Holmes
City Secretary.....	Lyn Hill
Assistant to the City Manager.....	Melissa Valadez-Stephens
Finance Director.....	Hardy Browder
Police Chief.....	Steve Rhodes
Fire Chief .....	Steve Pollock
Economic Development Director.....	Allison Thompson
Building Official .....	John Kendro
Interim Library Director.....	Traphine Hickman
Parks & Recreation Director.....	Vacant
Planning Director.....	Rod Tyler
Public Works Director.....	Ruth Antebi-Guten
Information Technology Director.....	Alan Gordon
Tri-City Shelter Manager .....	Alissa Prelis
Municipal Court Judge.....	Elke Daniel

## **FINANCIAL SECTION**





WEAVER  
AND  
TIDWELL

L.L.P.

CERTIFIED PUBLIC  
ACCOUNTANTS  
AND CONSULTANTS

## INDEPENDENT AUDITOR'S REPORT

Members of the City Council  
City of Cedar Hill, Texas

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill (the "City") as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's administration. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2008, and the respective changes in financial position and the cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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AN INDEPENDENT MEMBER OF  
BAKER TILLY  
INTERNATIONAL

### OFFICES IN

DALLAS

FORT WORTH

HOUSTON

SAN ANTONIO

City of Cedar Hill, Texas  
Page Two

The accompanying management's discussion and analysis (on pages 3 through 12) and the Texas Municipal Retirement System Analysis of Funding Progress, Reserve Police Department Plan - Schedule of Pension Funding Progress, Budgetary Comparison Schedule-General Fund and Budgetary Comparison Schedule-Joe Pool Fund (on pages 58 thru 62) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
March 30, 2009

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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The City of Cedar Hill offers readers of the City's financial statement this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2008. We would like to encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

## **FINANCIAL HIGHLIGHTS**

- The assets of the City of Cedar Hill exceeded its liabilities at the close of the fiscal year ended September 30, 2008, by \$158,388,987 (net assets). Of this amount, \$43,037,800 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City of Cedar Hill's total net assets increased by \$8,292,291. This increase in net assets can be attributed to operating grants and contributions and capital grants and contributions.
- As of September 30, 2008, the City's governmental funds reported combined ending fund balances of \$73,724,289. \$64,726,112 of this fund balance is subject to various commitments. Approximately 12% of this amount or \$8,998,177 is unreserved and available for use within the City's designation and policies.
- At the end of the fiscal year on September 30, 2008, unreserved fund balance for the general fund was \$7,598,987 or 26% of the total general fund expenditures. The fund balance of the general fund decreased \$1,505,540. The decrease is due to the planned drawdown of fund balance used to pay economic development incentives (\$588,000) and other one-time purchases (\$484,000) and lower than expected revenues (\$188,000).
- The Joe Pool Fund's fund balance increased by \$4,152,955, 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 \$2,302,955. This fund is dedicated to accumulating resources to retire the amount due for the water rights to Joe Pool Lake.
- The City issued the following debt during the fiscal year: \$8,665,000 in General Obligation Bonds for street improvements, \$10,865,000 in Certificates of Obligations bonds for street improvements (\$7,190,000), the construction of a fire station (\$1,675,000) in partnership with the City of Grand Prairie and an animal shelter expansion (\$2,000,000). In addition the City issued \$3,000,000 of Water and Sewer Revenue Bonds for water and sewer infrastructure projects.

## **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, 2008**

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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 of Cedar Hill's finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Net Assets combines and consolidates government funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. Other non-financial factors should also be taken into consideration, such as 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.) to assess the overall health or financial condition of the City. The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences). Both of the government-wide financial statements are prepared utilizing the accrual basis of accounting.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental Activities**—Most of the City's basic services are reported here, including the police, fire, libraries, planning and zoning, parks and recreation and streets. Property taxes, sales taxes and franchise fees finance most of these activities.
- **Business-Type Activities**—The City charges a fee to customers to help cover all or most of the cost of the services it provides. The City's water and sewer system is reported here.
- **Component Units**—The City's Community Development Corporation and Economic Development Corporation are reported as component units. Although legally separate, the component units are important because the City is financially accountable for them. Complete financial statements for each of the individual component units may be obtained at the City's administrative offices.

The government-wide financial statements can be found on pages 13-15 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 show compliance with finance-related legal requirements. Some funds are required to be established by state law and by bond covenants. The funds of the City can be classified into three categories - governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at the end of the fiscal year. 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

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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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, Certificates of Obligation Fund, General Obligation Bond Fund and Capital Recovery Fund, which are considered major funds. Data from the remaining seventeen 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 elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-21 of this report.

**Proprietary Funds**—The City of Cedar Hill maintains two types of proprietary funds: enterprise funds and internal service 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 funds are 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. Due to the fact that 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 22-25 of this report.

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

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

**Notes to the Financial Statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-57.

**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 58-62 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

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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following the required supplemental information. These combining and individual statements and schedules can be found on pages 63-82 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier in this report, the net assets may serve as a useful indicator of a government's financial position. In this case, shown in Table 1 below, the City of Cedar Hill's assets exceed liabilities by \$158,388,987 as of September 30, 2008.

The largest portion of the City's net assets (62%) 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. An additional portion of the City's net assets (11%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net assets (27%) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net assets of the City increased 5.5% in fiscal year 2008. This increase resulted from operating grants and contributions and capital contributions. Total net assets of governmental activities increased by 4.8% and total assets of business-type activities increased by 6.9%. These increases result primarily from capital contributions.

**Condensed Statement of Net Assets**  
At September 30, 2008

	Governmental Activities		Business-Type Activities		Total	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Current and other assets						
Capital assets	\$ 84,870,713	\$ 84,029,704	\$ 18,248,488	\$ 16,420,710	\$ 103,119,201	\$ 100,450,414
	169,645,830	152,748,235	50,744,309	46,610,259	220,390,139	199,358,494
Total assets	254,516,543	236,777,939	68,992,797	63,030,969	323,509,340	299,808,908
Noncurrent liabilities						
Other liabilities	146,364,392	127,437,478	11,001,860	8,726,119	157,366,252	136,163,597
	6,412,494	12,250,832	1,341,607	1,297,783	7,754,101	13,548,615
Total liabilities	152,776,886	139,688,310	12,343,467	10,023,902	165,120,353	149,712,212
Net assets:						
Invested in capital assets—net of related debt	50,450,265	71,700,728	47,492,002	43,490,027	97,942,267	115,190,755
Restricted	12,950,069	9,806,890	4,458,851	5,011,341	17,408,920	14,818,231
Unrestricted	38,339,323	15,582,011	4,698,477	4,505,699	43,037,800	20,087,710
Total net assets	\$ 101,739,657	\$ 97,089,629	\$ 56,649,330	\$ 53,007,067	\$ 158,388,987	\$ 150,096,696

***Analysis of the City's Operations***—The following table provides a summary of the City's operations for the year ended September 30, 2008. Governmental activities increased the City's net assets by \$4,650,028. The General Fund's expenditures exceeded revenues by approximately \$1,145,000, the Debt Service Fund expenditures exceeded revenues by approximately \$91,000 and the Joe Pool Fund revenues exceeded expenditures by approximately \$2,303,000. In addition, the City received \$1,999,182 in operating grants and contributions and \$5,580,070 in capital grants and contributions during 2008. This activity accounts for the majority of the growth in net assets for governmental activities.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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Capital Grants and contributions consist primarily of developer contributions of streets, drainage facilities, and right-of-ways and assets constructed for the City by the Community Development Corporation. The contributions for fiscal year 2008 decreased \$411,054 from the prior year amount of \$5,991,124.

Business-type activities increased the City's net assets by \$3,642,263. Capital contributions totaling \$3,629,474 was the primary contributor to this increase. Capital contributions for business-type activities also increased during fiscal year 2008. Capital contributions increased \$994,089 from the prior year amount of \$2,635,385.

**Changes in Net Assets**  
For the Years Ended September 30, 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 6,838,108	\$ 7,257,855	\$ 14,544,318	\$ 12,900,524	\$ 21,382,426	\$ 20,158,379
Operating grants/contributions	1,999,182	2,152,679	-	-	1,999,182	2,152,679
Capital grants/contributions	5,580,070	5,991,124	3,629,474	2,635,385	9,209,544	8,626,509
General revenues:						
Sales and use taxes	6,134,991	5,875,808	-	-	6,134,991	5,875,808
Property taxes	19,669,385	17,479,146	-	-	19,669,385	17,479,146
Hotel/motel taxes	61,571	53,388	-	-	61,571	53,388
Franchise taxes	3,060,567	3,005,690	-	-	3,060,567	3,005,690
Investment earnings	4,450,569	3,620,069	604,215	767,361	5,054,784	4,387,430
Gain on disposal	-	49,355	-	-	-	49,355
Miscellaneous	637,111	563,171	41,527	53,283	678,638	616,454
Total revenues	<u>48,431,554</u>	<u>46,048,285</u>	<u>18,819,534</u>	<u>16,356,553</u>	<u>67,251,088</u>	<u>62,404,838</u>
<b>Expenses:</b>						
General government	5,756,996	5,203,328	-	-	5,756,996	5,203,328
Public safety	18,659,224	16,316,237	-	-	18,659,224	16,316,237
Public works	7,647,548	10,562,982	-	-	7,647,548	10,562,982
Community services	6,729,210	6,445,556	-	-	6,729,210	6,445,556
Water and sewer	-	-	13,375,271	13,300,772	13,375,271	13,300,772
Interest and fiscal charges	6,790,548	1,558,616	-	-	6,790,548	1,558,616
Total expenses	<u>45,583,526</u>	<u>40,086,719</u>	<u>13,375,271</u>	<u>13,300,772</u>	<u>58,958,797</u>	<u>53,387,491</u>
Increase in net assets before transfers	2,848,028	5,961,566	5,444,263	3,055,781	8,292,291	9,017,347
Transfers	<u>1,802,000</u>	<u>1,801,000</u>	<u>(1,802,000)</u>	<u>(1,801,000)</u>	<u>-</u>	<u>-</u>
Increase in net assets	4,650,028	7,762,566	3,642,263	1,254,781	8,292,291	9,017,347
Net assets—beginning	<u>97,089,629</u>	<u>89,327,063</u>	<u>53,007,067</u>	<u>51,752,286</u>	<u>150,096,696</u>	<u>141,079,349</u>
Net assets—ending	<u>\$ 101,739,657</u>	<u>\$ 97,089,629</u>	<u>\$ 56,649,330</u>	<u>\$ 53,007,067</u>	<u>\$ 158,388,987</u>	<u>\$ 150,096,696</u>

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'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, unreserved 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 \$73,724,289. This fund balance is subject to the following commitments: \$83,311 to prepaid items and inventory, \$37,291,828 (51%) to construction, \$1,315,616 (2%) to debt service and \$220,354 to animal shelter activities. Approximately 47% of this amount or

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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\$34,813,180 is unreserved or undesignated and is available for use within the City's designation and policies.

The General Fund expenditures and transfers exceeded revenues by \$1,505,540 as a result of the budgeted drawdown of fund balance for economic development incentives and one-time purchases

The Debt Service Fund lost \$82,810 to its fund balance. This reduction was budgeted in order to reduce fund balance to the amount approved under the City's financial policies.

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 \$4,152,955. \$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 \$2,302,955 of investment earnings.

The Certificate for Obligation Fund accounts for funds used to construct streets, a fire station and an animal shelter expansion. The fund earned \$406,960 in investment earnings during the fiscal year.

The General Obligation Bond Fund accounts for funds to construct streets, the Government Center and several building renovations. The fund earned \$617,656 in investment earnings during the fiscal year.

The Capital Recovery Fund accounts for the street impact fees. The fund received \$627,339 in fees and \$295,823 in investment earnings during the fiscal year.

The fund balances of the nonmajor governmental funds declined \$2,007,562. The primary reason for this decline is the expenditure of bond funds. The fund balances of the nonmajor capital project funds declined \$2,267,440.

**Proprietary Funds**—The City has two proprietary funds, a water and sewer (enterprise) fund and equipment (internal service) fund. The enterprise fund financial statements provide the same type information found in the government-wide financial statements, but includes more detail. Unrestricted net assets of the enterprise fund were \$4,698,477. The internal service fund accounts for equipment purchased and leased to governmental funds and component units. Due to the fact that 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 \$28,748,516 or \$695,399 less than the \$29,443,915 budget. Expenditures represent 97.6% of the authorized budget. General Fund revenues totaled \$27,603,339 or \$187,676 below budget.

## **CAPITAL ASSETS**

The City's investment in capital assets for its government-wide activities as of September 30, 2008 amounts to \$220,390,139 (net of accumulated depreciation). The investment in capital

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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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:

Ongoing projects:

- Continuing construction of the West Branch Drainage project totaling approximately \$1,510,000 with current year expenditures of \$115,454
- Continuing construction of the F.M. 1382 Capacity Improvements projects totaling approximately \$3,410,000 with current year expenditures of \$396,366
- Continuing construction of the North Cedar Hill Road/Uptown Connector project totaling approximately \$4,725,000 with current year expenditures of \$2,588,757
- Continuing construction of the Pleasant Run Road, Cedar Hill Road Transition, and FM1382/Pleasant Run Road Intersection project totaling approximately \$7,889,000 with current year expenditures of \$1,299,391
- Began construction of the Clark Road Improvements project totaling approximately \$2,000,000 with current year expenditures of \$123,649
- Completed the South Joe Wilson Rehabilitation project totaling approximately \$500,000 with current year expenditures of \$121,840
- Completed construction of the Windy/Evergreen Road project totaling approximately \$182,000 with current year expenditures of \$181,823
- Completed construction of the High Drive project totaling approximately \$152,000 with current year expenditures of \$151,125
- Completed purchase of the Uptown Village Ring Road totaling approximately \$6,512,000 with current year expenditures of \$6,511,621
- Continuing construction of the Government Center project totaling approximately \$28 million with current year expenditures of \$11,741,980
- Continuing construction of the Fire Station #4 project totaling approximately \$1,600,000 with current year expenditures of \$678,637
- Began construction of the Animal Shelter Expansion project totaling approximately \$2,555,300 with current year expenditures of \$174,071
- Various water and sewer projects with expenditures for the current year totaling \$2,178,235

Capital Assets at September 30, 2008 and 2007  
 Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	FY2008	FY2007	FY2008	FY2007	FY2008	FY2007
Land	\$ 15,257,691	\$ 13,849,286	\$ 367,764	\$ 367,764	\$ 15,625,455	\$ 14,217,050
Construction-in-progress (CIP)	1,149,490	24,228,926	1,879,113	685,746	3,028,603	24,914,672
Buildings/facilities and improvements	39,309,129	16,535,848	244,237	273,384	39,553,366	16,809,232
Water system	-	-	29,622,185	27,640,228	29,622,185	27,640,228
Sewer system	-	-	17,868,462	16,879,806	17,868,462	16,879,806
Equipment	3,262,162	2,908,518	689,299	674,347	3,951,461	3,582,865
Infrastructure	97,708,033	81,767,088	-	-	97,708,033	81,767,088
Water rights	12,929,060	13,418,488	-	-	12,929,060	13,418,488
Master studies	30,265	40,081	73,249	88,984	103,514	129,065
Total	<u>\$ 169,645,830</u>	<u>\$ 152,748,235</u>	<u>\$ 50,744,309</u>	<u>\$ 46,610,259</u>	<u>\$ 220,390,139</u>	<u>\$ 199,358,494</u>

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

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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**DEBT ADMINISTRATION**

**Debt**—At the fiscal year-end of September 30, 2008, the City had \$55.660 million in General Obligation Bonds and \$33.265 million in Certificates of Obligations, along with \$10.695 million in Water and Sewer Revenue Bonds outstanding. The general obligation bonds and \$2.05 million of the certificates are pledged by and will be funded by future property tax receipts. The Community Development Corporation has a contractual obligation to provide the funds for debt service for \$8.38 million of the certificates of obligation. The Economic Development Corporation has a contractual obligation to provide the funds for debt service for an additional \$14.245 million of the certificates of obligations although future property tax receipts are the ultimate pledge for repayment of this debt.

The City of Cedar Hill, together with the Cities of Grand Prairie and Duncanville and the Midlothian Water District, executed a contract with the Trinity River Authority of Texas to purchase water conservatory rights from Joe Pool Lake. As of September 30, 2008, the City's 43.21% share of the contract amounted to a \$53,134,705 liability. The City has chosen to defer diverting water from the reservoir. As a result of this decision, the liability will accrue interest at 5.683%. The City has set aside funds since the 1995 fiscal year to pay this obligation. At September 30, 2008, the amount accumulated in the Joe Pool Fund for the retirement of this debt is \$25,815,003. The present plan is to set aside \$1,850,000 each year to allow full payment of the obligation within a maximum of fifty years.

Additional long-term obligations include compensated absences totaling \$3,287,446 for government activities, compensated absences totaling \$261,733 for business-type activities and \$60,000 set aside as a contingent liability for litigation.

**Outstanding Debt at September 30, 2008 and 2007**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>FY2008</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2007</b>
General Obligation	\$ 55,660,000	\$ 49,845,000	\$ -	\$ -	\$ 55,660,000	\$ 49,845,000
Certificate of Obligation	33,265,000	23,410,000	-	-	33,265,000	23,410,000
Waterworks & Sewer System Revenue	-	-	10,695,000	8,485,000	10,695,000	8,485,000
Other Obligations	53,134,705	50,277,438	-	-	53,134,705	50,277,438
Reacquisition cost of refunded bonds	(320,671)	(372,329)	-	-	(320,671)	(372,329)
Unamortized premiums and discount (net)	930,608	672,432	45,127	(1,301)	975,735	671,131
Compensated absences	3,287,446	2,965,539	261,733	242,420	3,549,179	3,207,959
Arbitrage	347,304	579,398	-	-	347,304	579,398
Contingent liability for litigation	60,000	60,000	-	-	60,000	60,000
<b>Total</b>	<b>\$ 146,364,392</b>	<b>\$ 127,437,478</b>	<b>\$ 11,001,860</b>	<b>\$ 8,726,119</b>	<b>\$ 157,366,252</b>	<b>\$ 136,163,597</b>

During the fiscal year, the City issued \$8,665,000 in General Obligation Bonds for street improvements. The City issued \$10,865,000 in Certificates of Obligations bonds for street and drainage improvements, the construction of a fire station and an animal shelter expansion and \$3,000,000 of Waterworks and Sewer System Revenue Bonds for water and sewer infrastructure.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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

	Standard & Poor's	Moody's Investor Services
General obligation bonds	AA	Aa3
Certificate of Obligation	AA	Aa3
Waterworks & Sewer System	AA-	A1
Community Development Corp.—Sales Tax Revenue	A	A3

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

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

The City continues to see growth in the certified assessed property values, with Fiscal Year 2009 values increasing by approximately \$101 million or 3%. The values of existing properties on the tax roll declined by approximately \$50 million due to widespread problems in the national economy. This decline was offset by new properties added to the tax roll totaling approximately \$151 million. The City anticipates a flat or declining tax base until the real estate market recovers.

Retail development was strong during Fiscal Year 2008 with the opening of Uptown Village, an open-air retail center with approximately 800,000 square feet of available space. The Village includes a water feature and open area for concerts and public events. Several new restaurants have opened in the Village, with additional restaurants under construction. Approximately 100,000 square feet of additional retail space was added throughout the City.

La Quinta opened a 60 room hotel and a 70 room Holiday Inn Express is under construction. The Ranch at Cedar Hill opened an Art School, the first of its kind in the area and remodeled the steak house to include fine dining in the art gallery.

New office space continues to open in the City. 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. Sandler Southwest completed construction of a 70,000 square foot Class A office building in the spring of 2009.

Metals Supply opened an 80,000 square foot industrial steel distributing facility with an additional 75,000 square feet under outside crane way on a 10.6 acre site served by rail in the Cedar Hill Industrial Park. This development is valued at approximately \$6 million.

The general fund's largest single revenue source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2009 remained at \$0.6414 per \$100 valuation. The property tax is budgeted to generate \$14,400,675 for the General Fund. This amount represents about 50 percent of all general fund operating revenues and is an increase of 1.4% over the amount collected in Fiscal Year 2008 of \$14,203,675.

**CITY OF CEDAR HILL, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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The City's portion of the sales tax rate is two percent, which includes a referendum by voters to have two one-half cent sales taxes for economic development and community development purposes. One percent of the sales tax rate is received by the General Fund. The Economic Development Corporation and the Community Development Corporation each receive one-half on one percent. Sales tax revenue growth for the General Fund for Fiscal Year 2009 is now projected to grow approximately 5% to \$6.4 million based on current economic conditions from Fiscal Year 2008.

The increases noted in the above revenues have been devoted to improvements in the City's public safety program, particularly in police and fire and staffing.

**REQUEST FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**



**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2008**

**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	\$ 56,301,482	\$ 3,118,527	\$ 59,420,009	\$ 1,475,471	\$ 6,664,305
Investments	21,881,102	-	21,881,102	-	-
Receivables (net of allowances for uncollectible):					
Taxes	2,077,620	-	2,077,620	496,436	496,436
Franchise taxes	1,308,107	-	1,308,107	-	-
Accounts	-	2,223,006	2,223,006	-	-
Miscellaneous	1,266,826	-	1,266,826	1,691	-
Inventory	33,883	-	33,883	-	-
Prepaid and other items	49,428	1,142	50,570	-	15,508
Deferred issuance costs	1,566,324	299,503	1,865,827	60,510	-
Restricted assets:					
Restricted for debt service:					
Equity in pooled cash and cash equivalents	-	1,434,761	1,434,761	280,671	-
Restricted capital recovery fee funds—equity in pooled cash and investments	-	2,875,849	2,875,849	-	-
Restricted for deposits—equity in pooled cash and investments	-	370,489	370,489	-	-
Restricted pro rata funds—equity in pooled cash and investments	-	437,391	437,391	-	-
Restricted bond proceeds—equity in pooled cash and investments	-	7,487,820	7,487,820	-	-
Capital assets:					
Nondepreciable	16,407,181	2,246,877	18,654,058	30,079	1,869,553
Depreciable—net of accumulated depreciation	153,238,649	48,497,432	201,736,081	-	414,735
Other assets	385,941	-	385,941	-	-
<b>TOTAL ASSETS</b>	<b>254,516,543</b>	<b>68,992,797</b>	<b>323,509,340</b>	<b>2,344,858</b>	<b>9,460,537</b>
<b>LIABILITIES</b>					
Accounts payable	2,935,496	735,142	3,670,638	77,145	2,357,037
Accrued liabilities	2,770,809	166,299	2,937,108	74,468	12,647
Customer deposits	-	370,489	370,489	300	-
Interest payable	706,189	-	706,189	5,974	-
Payable from restricted assets-current	-	69,677	69,677	-	-
Noncurrent liabilities:					
Due within one year	4,715,880	618,993	5,334,873	263,714	11,293
Due in more than one year	141,648,512	10,382,867	152,031,379	1,256,252	17,029
<b>TOTAL LIABILITIES</b>	<b>152,776,886</b>	<b>12,343,467</b>	<b>165,120,353</b>	<b>1,677,853</b>	<b>2,398,006</b>
<b>NET ASSETS</b>					
Invested in capital assets—net of related debt	50,450,265	47,492,002	97,942,267	(1,417,552)	2,284,288
Restricted for:					
Debt service	895,800	1,583,002	2,478,802	268,920	-
Construction	10,691,242	2,875,849	13,567,091	-	-
Animal shelter	220,354	-	220,354	-	-
Dispatch center	370,403	-	370,403	-	-
Use of special fees	772,270	-	772,270	-	-
Unrestricted	38,339,323	4,698,477	43,037,800	1,815,637	4,778,243
<b>TOTAL NET ASSETS</b>	<b>\$ 101,739,657</b>	<b>\$ 56,649,330</b>	<b>\$ 158,388,987</b>	<b>\$ 667,005</b>	<b>\$ 7,062,531</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, 2008**

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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	\$ 5,756,996	\$ 332,038	\$ 3,122	\$ -
Public safety	18,659,224	3,327,518	297,867	-
Public works	7,647,548	650,794	-	2,897,552
Community services	6,729,210	2,527,758	1,698,193	2,682,518
Interest and fiscal charges	6,790,548	-	-	-
Total governmental activities	<u>45,583,526</u>	<u>6,838,108</u>	<u>1,999,182</u>	<u>5,580,070</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water and sewer	<u>13,375,271</u>	<u>14,544,318</u>	<u>-</u>	<u>3,629,474</u>
Total business-type activities	<u>13,375,271</u>	<u>14,544,318</u>	<u>-</u>	<u>3,629,474</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 58,958,797</b>	<b>\$ 21,382,426</b>	<b>\$ 1,999,182</b>	<b>\$ 9,209,544</b>
<b>COMPONENT UNITS:</b>				
Community Development Corporation	6,611,825	612,682	1,844	-
Economic Development Corporation	2,867,880	-	-	30,397
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 9,479,705</b>	<b>\$ 612,682</b>	<b>\$ 1,844</b>	<b>\$ 30,397</b>
<b>GENERAL REVENUES:</b>				
Taxes:				
Sales taxes				
Property taxes				
Hotel/motel taxes				
Franchise taxes				
Investment earnings				
Miscellaneous				
TRANSFERS				
Total general revenues and transfers				
<b>CHANGE IN NET ASSETS</b>				
<b>NET ASSETS—Beginning</b>				
<b>NET ASSETS—Ending</b>				

**EXHIBIT A-2**

<b>Net (Expenses) Revenues and Changes in Net Assets</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>	
\$ (5,421,836)	\$ -	\$ (5,421,836)	\$ -	\$ -	\$ -
(15,033,839)	-	(15,033,839)	-	-	-
(4,099,202)	-	(4,099,202)	-	-	-
179,259	-	179,259	-	-	-
(6,790,548)	-	(6,790,548)	-	-	-
<u>(31,166,166)</u>	<u>-</u>	<u>(31,166,166)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	4,798,521	4,798,521	-	-	-
-	4,798,521	4,798,521	-	-	-
<u>\$ (31,166,166)</u>	<u>\$ 4,798,521</u>	<u>\$ (26,367,645)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	(5,997,299)	-	-
-	-	-	-	(2,837,483)	
-	-	-	(5,997,299)	(2,837,483)	
6,134,991	-	6,134,991	3,033,156	3,033,156	
19,669,385	-	19,669,385	-	-	
61,571	-	61,571	-	-	
3,060,567	-	3,060,567	-	-	
4,450,569	604,215	5,054,784	62,795	248,929	
637,111	41,527	678,638	15,511	525,149	
<u>1,802,000</u>	<u>(1,802,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>35,816,194</u>	<u>(1,156,258)</u>	<u>34,659,936</u>	<u>3,111,462</u>	<u>3,807,234</u>	
4,650,028	3,642,263	8,292,291	(2,885,837)	969,751	
<u>97,089,629</u>	<u>53,007,067</u>	<u>150,096,696</u>	<u>3,552,842</u>	<u>6,092,780</u>	
<u>\$ 101,739,657</u>	<u>\$ 56,649,330</u>	<u>\$ 158,388,987</u>	<u>\$ 667,005</u>	<u>\$ 7,062,531</u>	

**CITY OF CEDAR HILL, TEXAS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2008**

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ASSETS	General	Debt Service Fund	Joe Pool Fund
<b>EQUITY IN POOLED CASH AND CASH EQUIVALENTS</b>	\$ 9,235,265	\$ 1,317,017	\$ 3,933,901
<b>INVESTMENTS</b>	-	-	21,881,102
<b>RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):</b>			
Taxes	1,787,968	289,652	-
Franchise taxes	1,308,107	-	-
Miscellaneous	591,722	-	-
<b>DUE FROM OTHER FUNDS</b>	67,000	-	-
<b>PREPAID ITEMS</b>	49,428	-	-
<b>INVENTORY</b>	33,883	-	-
<b>TOTAL</b>	<u>\$ 13,073,373</u>	<u>\$ 1,606,669</u>	<u>\$ 25,815,003</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 1,398,082	\$ 4,680	\$ -
Accrued liabilities	1,479,601	-	-
Interest payable	-	35,127	-
Due to other funds	-	-	-
Deferred revenue	<u>2,293,038</u>	<u>251,246</u>	<u>-</u>
Total liabilities	<u>5,170,721</u>	<u>291,053</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Reserved for:			
Prepaid and inventory	83,311	-	-
Construction	-	-	-
Debt service	-	1,315,616	-
Animal shelter	220,354	-	-
Unreserved—designated for Joe Pool Fund	-	-	25,815,003
Unreserved—undesignated, reported in:			
General fund	7,598,987	-	-
Special revenue funds	-	-	-
Total fund balances	<u>7,902,652</u>	<u>1,315,616</u>	<u>25,815,003</u>
<b>TOTAL</b>	<u>\$ 13,073,373</u>	<u>\$ 1,606,669</u>	<u>\$ 25,815,003</u>

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

## **EXHIBIT B-1**

Certificates of Obligation Fund	General Obligation Bond Fund	Capital Recovery Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,342,029	\$ 17,540,182	\$ 9,583,513	\$ 6,432,352	\$ 55,384,259
-	-	-	-	21,881,102
-	-	-	-	2,077,620
-	-	-	-	1,308,107
367,705	-	-	307,399	1,266,826
-	-	-	-	67,000
-	-	-	-	49,428
-	-	-	-	33,883
<u>\$ 7,709,734</u>	<u>\$ 17,540,182</u>	<u>\$ 9,583,513</u>	<u>\$ 6,739,751</u>	<u>\$ 82,068,225</u>
\$ 438,127	\$ 793,981	\$ -	\$ 276,626	\$ 2,911,496
62,745	1,109,414	-	119,049	2,770,809
-	-	-	-	35,127
-	-	-	67,000	67,000
-	-	-	15,220	2,559,504
<u>500,872</u>	<u>1,903,395</u>	<u>-</u>	<u>477,895</u>	<u>8,343,936</u>
7,208,862	15,636,787	9,583,513	4,862,666	83,311
-	-	-	-	37,291,828
-	-	-	-	1,315,616
-	-	-	-	220,354
-	-	-	-	25,815,003
-	-	-	-	7,598,987
-	-	-	1,399,190	1,399,190
<u>7,208,862</u>	<u>15,636,787</u>	<u>9,583,513</u>	<u>6,261,856</u>	<u>73,724,289</u>
<u>\$ 7,709,734</u>	<u>\$ 17,540,182</u>	<u>\$ 9,583,513</u>	<u>\$ 6,739,751</u>	<u>\$ 82,068,225</u>

**CITY OF CEDAR HILL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE**  
**SHEET TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2008**

**EXHIBIT B-2**

<b>TOTAL FUND BALANCES—Governmental funds</b>	<b>\$ 73,724,289</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (including internal service fund assets of \$2,164,323).	169,645,830
The regional dispatch center is not reported at the fund level.	370,403
The Reserve Police Department Defined Benefit Plan has a net pension asset not reported at the fund level	15,538
Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures and are therefore deferred in the funds.	2,559,504
Bond issue costs are expensed in the fund level financials but capitalized and amortized over the life of the bonds in the government-wide statements.	1,566,324
Bond interest is not payable with current financial resources and is therefore not accrued at the fund level.	(671,062)
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	(55,660,000)
Certificates of obligation	(33,265,000)
Unamortized premiums	(945,822)
Unamortized discounts	15,214
Unamortized loss on refunded bonds	320,671
Litigation	(60,000)
Compensated absences	(3,287,446)
Arbitrage liability	(347,304)
Other obligation	(53,134,705)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included with governmental activities. Amount represents net assets excluding capital assets included above.	<u>893,223</u>
<b>TOTAL NET ASSETS—Governmental activities</b>	<b><u>\$ 101,739,657</u></b>

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



**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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	<b>General</b>	<b>Debt Service Fund</b>	<b>Joe Pool Fund</b>
<b>REVENUES:</b>			
Taxes	\$ 20,338,666	\$ 5,605,248	\$ -
Franchise taxes	3,060,567	-	-
License and permits	579,360	-	-
Intergovernmental	312,376	1,665,401	-
Charges for services	1,828,092	-	-
Fines and forfeitures	838,880	-	-
Investment earnings	334,815	80,743	2,302,955
Miscellaneous	310,583	-	-
 Total revenues	 27,603,339	 7,351,392	 2,302,955
<b>EXPENDITURES:</b>			
Current:			
General government	4,845,342	-	-
Public works	1,905,649	-	-
Public safety	17,925,343	-	-
Community services	3,916,096	-	-
Debt service:			
Principal retirement	-	3,860,000	-
Interest and fiscal charges	-	3,582,146	-
Capital outlay			
General administration	98,063	-	-
Public works	-	-	-
Public safety	58,023	-	-
Community Services	-	-	-
 Total expenditures	 28,748,516	 7,442,146	 -
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	(1,145,177)	(90,754)	2,302,955
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	89,637	7,944	1,850,000
Transfer out	(450,000)	-	-
Premiums on issuance of debt	-	-	-
Issuance of debt	-	-	-
 Total other financing sources (uses)	 (360,363)	 7,944	 1,850,000
<b>CHANGE IN FUND BALANCES</b>			
	(1,505,540)	(82,810)	4,152,955
<b>FUND BALANCES—Beginning</b>			
	9,408,192	1,398,426	21,662,048
<b>FUND BALANCES—Ending</b>			
	<u>\$ 7,902,652</u>	<u>\$ 1,315,616</u>	<u>\$ 25,815,003</u>

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

**EXHIBIT B-3**

<b>Certificates of Obligation Fund</b>	<b>General Obligation Bond Fund</b>	<b>Capital Recovery Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 61,571	\$ 26,005,485
-	-	-	-	3,060,567
-	-	-	-	579,360
-	-	-	177,105	2,154,882
-	-	-	1,815,177	3,643,269
-	-	-	528,723	1,367,603
406,960	617,656	295,823	161,861	4,200,813
<u>75,000</u>	<u>61,833</u>	<u>627,339</u>	<u>551,858</u>	<u>1,626,613</u>
<b>481,960</b>	<b>679,489</b>	<b>923,162</b>	<b>3,296,295</b>	<b>42,638,592</b>
-	743,289	-	-	5,588,631
797,977	449,248	2,500	1,145,647	4,301,021
58,179	14,196	-	454,416	18,452,134
9,300	-	-	1,910,039	5,835,435
-	-	-	-	3,860,000
-	-	-	-	3,582,146
-	4,411,039	-	-	4,509,102
8,151,589	486,986	-	1,787,524	10,426,099
642,228	188,850	-	23,702	912,803
419,161	-	-	292,892	712,053
<b><u>10,078,434</u></b>	<b><u>6,293,608</u></b>	<b><u>2,500</u></b>	<b><u>5,614,220</u></b>	<b><u>58,179,424</u></b>
<b><u>(9,596,474)</u></b>	<b><u>(5,614,119)</u></b>	<b><u>920,662</u></b>	<b><u>(2,317,925)</u></b>	<b><u>(15,540,832)</u></b>
-	-	-	400,000	2,347,581
(3,826)	(2,118)	-	(89,637)	(545,581)
175,729	177,656	-	-	353,385
<b><u>10,865,000</u></b>	<b><u>8,665,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>19,530,000</u></b>
<b><u>11,036,903</u></b>	<b><u>8,840,538</u></b>	<b><u>-</u></b>	<b><u>310,363</u></b>	<b><u>21,685,385</u></b>
1,440,429	3,226,419	920,662	(2,007,562)	6,144,553
<b><u>5,768,433</u></b>	<b><u>12,410,368</u></b>	<b><u>8,662,851</u></b>	<b><u>8,269,418</u></b>	<b><u>67,579,736</u></b>
<b><u>\$ 7,208,862</u></b>	<b><u>\$ 15,636,787</u></b>	<b><u>\$ 9,583,513</u></b>	<b><u>\$ 6,261,856</u></b>	<b><u>\$ 73,724,289</u></b>

**CITY OF CEDAR HILL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT B-4**

<b>NET CHANGE IN FUND BALANCES—Total governmental funds</b>	<b>\$ 6,144,553</b>
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.	16,560,057
This amount does not include \$951,859 of capital assets acquired by the internal service fund.	
Depreciation expense on capital assets is reported in the government-wide statements of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. This amount does not include This amount does not include \$751,724 in depreciation expense recorded in the internal service fund.	(5,126,449)
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.	5,425,270
The net increase in equity of the regional dispatch center joint venture is not reported at the fund level; however, it is reported at the government-wide level.	30,167
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.	358,864
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.	(275,901)
Additions to vacation and sick liabilities are not shown in the fund financial statements.	
The net effect of the current year increase is to decrease net assets.	(321,907)
Current year bond proceeds are other finance sources in the fund financial statements, but are shown as an increase in the liabilities government-wide financial statements.	(19,530,000)
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.	3,860,000
Change in water rights obligation are only reported at the government-wide level.	(2,857,267)
Premium 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.	(258,176)
Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current years amortization is to decrease net assets.	(51,658)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	108,160
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.	232,094
In governmental fund financial statements the proceeds from a sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.	(111,374)
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.	463,595
<b>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 4,650,028</u></b>

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

**CITY OF CEDAR HILL , TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2008**

**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	\$ 3,118,527	\$ 917,223
Receivables (net, where applicable, of allowances for uncollectibles):		
Accounts	2,223,006	-
Prepaid expenses	1,142	-
Restricted assets:		
Restricted for debt service:		
Equity in pooled cash and cash equivalents	1,434,761	-
Restricted—customer deposits	370,489	-
Restricted—capital recovery fee funds—equity in pooled cash and cash equivalents	2,875,849	-
Restricted—pro rata funds—equity in pooled cash and cash equivalents	437,391	-
Restricted—bond proceeds—equity in pooled cash and cash equivalents	7,487,820	-
Total current assets	<u>17,948,985</u>	<u>917,223</u>
Noncurrent assets:		
Deferred issuance costs	299,503	-
Capital assets:		
Nondepreciable	2,246,877	-
Depreciable—net of accumulated depreciation	<u>48,497,432</u>	<u>2,164,323</u>
Total noncurrent assets	<u>51,043,812</u>	<u>2,164,323</u>
Total assets	<u>68,992,797</u>	<u>3,081,546</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Payable from current assets:		
Accounts and contracts payable	735,142	24,000
Accrued liabilities	166,299	-
Customer deposits	370,489	-
Compensated absences—current	113,993	-
Total payable from current assets	<u>1,385,923</u>	<u>24,000</u>
Payable from restricted assets:		
Accounts and contracts payable	7,526	-
Accrued liabilities	62,151	-
Revenue bonds payable	<u>505,000</u>	<u>-</u>
Total payable from restricted assets	<u>574,677</u>	<u>-</u>
Total current liabilities	<u>1,960,600</u>	<u>24,000</u>
Noncurrent liabilities:		
Revenue bonds payable	10,235,127	-
Compensated absences	<u>147,740</u>	<u>-</u>
Total noncurrent liabilities	<u>10,382,867</u>	<u>-</u>
Total liabilities	<u>12,343,467</u>	<u>24,000</u>
<b>NET ASSETS:</b>		
Invested in capital assets—net of related debt	47,492,002	2,164,323
Restricted for:		
Debt service	1,583,002	-
Construction	2,875,849	-
Unrestricted	<u>4,698,477</u>	<u>893,223</u>
Total net assets	<u>\$ 56,649,330</u>	<u>\$ 3,057,546</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 NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT C-2**

	<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>OPERATING REVENUES:</b>		
Water sales	\$ 9,085,245	\$ -
Sewer charges	4,941,585	-
Other charges	517,488	1,364,309
Total operating revenues	<u>14,544,318</u>	<u>1,364,309</u>
<b>OPERATING EXPENSES:</b>		
Sewage treatment	3,809,777	-
Purchase of water	2,811,772	-
Personnel services	2,370,241	-
Depreciation	1,602,646	751,724
Gross receipts fee	644,739	-
Heat, light and power	498,065	-
Maintenance	304,158	-
Contractual services	391,466	-
Materials and supplies	328,398	235,510
Miscellaneous	79,604	-
Total operating expenses	<u>12,840,866</u>	<u>987,234</u>
<b>OPERATING INCOME</b>	<u>1,703,452</u>	<u>377,075</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Other non-operating revenue	41,527	11,727
Interest income	604,215	17,662
Interest and fiscal charges	(523,216)	-
Gain (loss) on retirement of assets	(11,189)	57,131
Total nonoperating revenue	<u>111,337</u>	<u>86,520</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<u>1,814,789</u>	<u>463,595</u>
Contributions-tap fees and other	200,131	-
Contributions	3,429,343	-
Transfers out	(1,802,000)	-
Total contributions and transfers	<u>1,827,474</u>	<u>-</u>
<b>CHANGE IN NET ASSETS</b>	<u>3,642,263</u>	<u>463,595</u>
<b>NET ASSETS—Beginning of year</b>	<u>53,007,067</u>	<u>2,593,951</u>
<b>NET ASSETS—End of year</b>	<u>\$ 56,649,330</u>	<u>\$ 3,057,546</u>

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



**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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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>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 14,426,495	\$ 1,364,309	
Cash paid to suppliers	(8,794,302)	(211,510)	
Cash paid to employees for services	(2,321,412)	-	
Net cash provided by operations	<u>3,310,781</u>	<u>1,152,799</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers to other funds	<u>(1,802,000)</u>	<u>-</u>	
Net cash used in noncapital financing activities	<u>(1,802,000)</u>	<u>-</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition and construction of capital assets	(2,320,210)	(951,859)	
Proceeds from sales of assets	1,668	107,175	
Impact and pro rata receipts	200,131	-	
Bond issuance costs	(101,915)	-	
Proceeds from bond issuance	3,051,292	-	
Equipment leasing activities	41,527	11,727	
Principal paid on revenue bonds	(790,000)	-	
Interest paid on revenue bonds	(498,628)	-	
Net cash used in capital and related financing activities	<u>(416,135)</u>	<u>(832,957)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	536,362	17,662	
Proceeds from sale and maturities of securities	<u>670,000</u>	<u>-</u>	
Net cash provided by investing activities	<u>1,206,362</u>	<u>17,662</u>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
	2,299,008	337,504	
<b>CASH AND CASH EQUIVALENTS—Beginning of year</b>	<u>13,425,829</u>	<u>579,719</u>	
<b>CASH AND CASH EQUIVALENTS—End of year</b>	<u>\$ 15,724,837</u>	<u>\$ 917,223</u>	

**EXHIBIT C-3**

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	<b>Business-Type Activities</b>	<b>Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income			
	\$ 1,703,452	\$ 377,075	
Adjustments:			
Depreciation expense	1,602,646	751,724	
Provision for bad debt	309,915	-	
Change in assets and liabilities:			
Increase in accounts receivable	(458,075)	-	
Decrease in due from other funds	30,337	-	
Increase in prepaids	(1,142)	-	
Increase in accounts payable	116,017	24,000	
Increase accrued liabilities	17,833	-	
Decrease in customer deposits	(29,515)	-	
Increase in compensated absences	19,313	-	
Total adjustments	<u>1,607,329</u>	<u>775,724</u>	
<b>NET CASH PROVIDED BY OPERATIONS</b>			
	<u><u>\$ 3,310,781</u></u>	<u><u>\$ 1,152,799</u></u>	
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets	\$ 3,429,343	\$ -	
Change in fair value of investments	<u><u>\$ 8,834</u></u>	<u><u>\$ -</u></u>	
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</b>			
Equity in pooled cash and cash equivalents	\$ 3,118,527	\$ 917,223	
Equity in pooled cash and cash equivalents restricted for debt	1,434,761	-	
Restricted—customer deposits	370,489	-	
Restricted—capital recovery fee funds—equity in pooled cash and investments	2,875,849	-	
Restricted—pro rata funds—equity in pooled cash and cash equivalents	437,391	-	
Restricted—bond proceeds—equity in pooled cash and cash equivalents	<u><u>7,487,820</u></u>	<u><u>-</u></u>	
	<u><u>\$ 15,724,837</u></u>	<u><u>\$ 917,223</u></u>	

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2008**

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**EXHIBIT D-1**

	<u>Pension</u> <u>Trust Fund</u> <u>Police Reserves</u> <u>Benefit Fund</u>
<b>ASSETS:</b>	
Investments	<u>\$ 176,589</u>
Total assets	<u>176,589</u>
<b>LIABILITIES:</b>	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
<b>NET ASSETS:</b>	
Held in trust for pension benefits and other purposes	<u>176,589</u>
Total net assets	<u>\$ 176,589</u>

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT D-2**

	<u>Pension</u> <u>Trust Fund</u>
	<u>Police</u>
	<u>Reserves</u>
	<u>Benefit Fund</u>
<b>ADDITIONS:</b>	
Investment loss	\$ (112,666)
Total additions	<u>(112,666)</u>
<b>DEDUCTIONS:</b>	
Special services	3,823
Pension payments	<u>11,376</u>
Total deductions	<u>15,199</u>
<b>NET DECREASE</b>	<b>(127,865)</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—Beginning of year</b>	<b>304,454</b>
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS—End of year</b>	<b>\$ 176,589</b>

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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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 Economic Development Corporation ("EDC") is a legally separate entity incorporated September 8, 1994. The City Council appoints the governing board for this entity, which serves the purpose of (a) promoting existing business enterprise expansion and retention and (b) new business enterprise development and attraction, and approves its budget. 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as *general revenues*.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Agency funds do not have a measurement focus. 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 eligible 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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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 tax associated with the current fiscal period are all considered to be susceptible to accrual and so 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 *Certificate of Obligation Fund* accounts for funds to be used for the construction of streets, the construction of a fire station and the expansion of the animal shelter.
- The *General Obligation Bond Fund* accounts for funds to be used for the construction of streets, the construction of the Government Center and the renovation of various buildings.
- The *Capital Recovery Fund* accounts for street impact fees which are collected and made available for debt service on streets as needed.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following funds:

- The *Police Reserves Benefit Fund* is a pension trust fund to account for the defined benefit plan of the police reserves.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

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

- The *Internal Service Fund* purchases equipment and leases the equipment to other funds of the City.

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

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

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

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

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

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

**1. Deposits and investments**

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

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

The City pools substantially all cash and investments except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying statement of net assets and balance sheet under the caption "Equity in pooled cash and investments". Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market prices at September 30, 2008, 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 of September 30, 2008.

Property taxes attach as 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 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

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

**4. *Restricted assets***

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

**5. *Capital assets***

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

Buildings/Facilities and Improvements	10-50	years
Equipment	3-50	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.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

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

**6. *Compensated absences – continued***

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

**7. *Long-term obligations***

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

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

**8. *Fund equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**9. *New accounting standards***

The GASB has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (“GASB 45”), which will be effective for the City in the fiscal year ending September 30, 2009. GASB 45 requires state and local governments to establish standards for the measurement, recognition, and display of other postemployment benefits, expense/expenditures, related liabilities and note disclosures in the financial

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

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

**9. New accounting standards – continued**

statements. As of September 30, 2008, the City plans to include the provisions of this Statement in fiscal year 2009.

In December 2006, the GASB issued Statement No. 49 (“GASB 49”), *Accounting and Financial Reporting for Pollution Remediation Obligations*, which identifies the circumstances under which a governmental entity is required to report a liability related to pollution remediation. This statement is effective for the City beginning in the fiscal year ended September 30, 2009. A government is required to estimate expected outlays for pollution remediation using an “expected cash flows” measurement technique if it knows a site is polluted and if any of the predefined recognition triggers occur. Information about pollution obligations associated with clean up efforts should also be disclosed in the notes to the financial statements. The City has not yet determined the anticipated impact of implementation of the new standard.

The GASB issued Statement No. 51, (“GASB 51”) *Accounting and Financial Reporting for Intangible Assets*, which is effective for the City beginning in fiscal year 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement if appropriate.

The GASB issued Statement No. 52, (“GASB 52”) *Land and Other Real Estate Held as Investments by Endowments*, which will be effective for the City in the fiscal year ending September 30, 2009. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement if appropriate.

The GASB issued Statement No. 53, (“GASB 53”) *Accounting and Financial Reporting of Derivative Instruments*, which will be effective for the City in the fiscal year ending September 30, 2010. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The City will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement if appropriate.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**NOTE 2. DEPOSITS AND INVESTMENTS**

Included in the statement of net assets and the statement of fiduciary net assets are cash and investments totaling \$94,084,010.

	Fair Value	Investment Maturities (in Years)				
		Less than 1	1-5	6-10	More than 10	
City cash—cash	\$ (17,415)	\$ -	\$ -	\$ -	\$ -	
City investments:						
U.S. government agency strips	21,881,102	-	-	-	-	21,881,102
Investment pools	70,753,715	70,753,715	-	-	-	
Money market mutual fund	1,290,019	1,290,019	-	-	-	
Total investments	93,924,836	72,043,734	-	-	-	21,881,102
Total cash and investments—city	\$ 93,907,421	\$ 72,043,734	\$ -	\$ -	\$ -	\$ 21,881,102
Pension trust:						
Equities	176,589	176,589	-	-	-	
	\$ 176,589	\$ 176,589	\$ -	\$ -	\$ -	\$ -

**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 (\$17,415) and the bank balance was \$925,482. 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.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Custodial Credit Risk-Investments – Continued**

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

**Credit Risk**

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, qualifying investment pools, qualifying money market mutual funds and certificates of deposits.

The City's investment policy 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. treasuries, U.S. agencies, collateralized certificates of deposits, money market mutual funds and investment pools approved by the City Council.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Credit Risk – Continued**

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

<b>Investment</b>	<b>Rating Agency</b>	<b>Rating</b>
Texas Short Term Asset Reserve (TexSTAR)	Standard and Poor's	AAAm
MBIA's Cooperative Liquid Assets Securities System (CLASS)	Fitch Ratings	AAA/V1
Local Government Investment Cooperative (LOGIC)	Standard and Poor's	AAAm
Federated Money Market Mutual Fund	Standard and Poor's	AAAm
FHLB Strips	Standard and Poor's Moody's Investor Services	AAA Aaa
FNMA Medium Term Notes	Standard and Poor's Moody's Investor Services	AAA Aaa
FHLMC Strips	Standard and Poor's Moody's Investor Services	AAA Aaa

**Interest Rate Risk**

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

<b>Portfolio Type</b>	<b>Maximum Average Maturity</b>	<b>Maximum Final Maturity</b>
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	Ten years
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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Investment in State Investment Pools**

The City is a voluntary participant in various investment pools. These pools included the following: Logic, MBIA and TexSTAR.

The Texas Local Government Investment Pool is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is governed by an Advisory Board composed equally of participants in the Pool and other persons who do not have a business relationship with the Pool who are qualified to advise the Pool.

During the year ended September 30, 2008, the City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City is not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the value of LOGIC shares. In accordance with GASB Statement No. 31, the City's general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase, and Money market mutual funds at amortized costs.

The City invested in MBIA. MBIA guarantees municipal bonds, infrastructure finance issues, structured asset-backed and mortgage-backed transactions in both the new and secondary markets. MBIA provides specialized investment opportunities and a broad range of services to state and local governments, academic institutions, and other public and private-sector investors. MBIA is rated Triple-A by Moody's, Standard & Poor's, Fitch, and Rating and Investment Information. The fair value of the position in MBIA is the same as the value of MBIA shares.

The City also invested in TexSTAR. TexSTAR is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. Together, these organizations bring to the TexSTAR program the powerful partnership of two leaders in financial services with a proven and noted track record in local government investment pool management. TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAm by Standard and Poor's. The fair value of the position in TexSTAR is the same as the value of TexSTAR shares.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Investment in State Investment Pools – Continued**

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

**Economic Development Corporation**

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1–5	6–10	More than 10
Corporation—cash	\$ (3,901)	\$ -	\$ -	\$ -	\$ -
Corporation investments:					
Investment pools	6,426,766	6,426,766			
Money market mutual fund	241,440	241,440	-	-	-
Total investments	6,668,206	6,668,206	-	-	-
Total cash and investments—corporation	<u>\$ 6,664,305</u>	<u>\$ 6,668,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the EDC's deposits and cash on hand was (\$3,901) and the bank balance was \$173,229. 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**

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1–5	6–10	More than 10
Corporation—cash	\$ 2,573	\$ -	\$ -	\$ -	\$ -
Corporation investments:					
Investment pools	1,753,039	1,753,039			
Money market mutual fund	530	530	-	-	-
Total investments	1,753,569	1,753,569	-	-	-
Total cash and investments—corporation	<u>\$ 1,756,142</u>	<u>\$ 1,753,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the CDC's deposits was \$2,573 and the bank balance was \$2,535. 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 FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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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	Certificates of Obligation Bonds	Water and Sewer	Nonmajor and Other Funds	Total
Receivables						
Taxes	\$ 1,787,968	\$ 289,652	\$ -	\$ -	\$ -	\$ 2,077,620
Franchise	1,308,107	-	-	-	-	1,308,107
Accounts	-	-	-	4,500,277	-	4,500,277
Miscellaneous	591,722	-	367,705	-	307,399	1,266,826
Gross receivables	3,687,797	289,652	367,705	4,500,277	307,399	9,152,830
Less: allowance for uncollectible	-	-	-	(2,277,271)	-	(2,277,271)
Net total receivables	<u>\$ 3,687,797</u>	<u>\$ 289,652</u>	<u>\$ 367,705</u>	<u>\$ 2,223,006</u>	<u>\$ 307,399</u>	<u>\$ 6,875,559</u>

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2008 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets—not being depreciated:					
Land	\$ 13,849,286	\$ 182,335	\$ (107,454)	\$ 1,333,524	\$ 15,257,691
Construction in progress	24,228,926	16,432,471	-	(39,511,907)	1,149,490
Total capital assets—not depreciated	<u>38,078,212</u>	<u>16,614,806</u>	<u>(107,454)</u>	<u>(38,178,383)</u>	<u>16,407,181</u>
Capital assets—being depreciated:					
Buildings/facilities	23,861,599	-	-	23,789,995	47,651,594
Equipment	8,194,155	1,014,915	(652,677)	446,012	9,002,405
Infrastructure	110,905,201	5,307,465	-	13,942,376	130,155,042
Water rights	26,284,063	-	-	-	26,284,063
Master studies	250,726	-	-	-	250,726
Total capital assets—being depreciated	<u>169,495,744</u>	<u>6,322,380</u>	<u>(652,677)</u>	<u>38,178,383</u>	<u>213,343,830</u>
Less accumulated depreciation for:					
Buildings/facilities	(7,325,751)	(1,016,714)	-	-	(8,342,465)
Equipment	(5,285,637)	(1,053,319)	598,713	-	(5,740,243)
Infrastructure	(29,138,113)	(3,308,896)	-	-	(32,447,009)
Water rights	(12,865,575)	(489,428)	-	-	(13,355,003)
Master studies	(210,645)	(9,816)	-	-	(220,461)
Total accumulated depreciation	<u>(54,825,721)</u>	<u>(5,878,173)</u>	<u>598,713</u>	<u>-</u>	<u>(60,105,181)</u>
Total capital assets—being depreciated—net	<u>114,670,023</u>	<u>444,207</u>	<u>(53,964)</u>	<u>38,178,383</u>	<u>153,238,649</u>
Governmental activities capital assets—net	<u>\$ 152,748,235</u>	<u>\$ 17,059,013</u>	<u>\$ (161,418)</u>	<u>\$ -</u>	<u>\$ 169,645,830</u>

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

Internal service fund capital assets of \$2,164,323 are included in the governmental activities capital assets.

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets—not being depreciated:					
Land	\$ 367,764	\$ -	\$ -	\$ -	\$ 367,764
Construction in progress	<u>685,746</u>	<u>2,318,741</u>	<u>-</u>	<u>(1,125,374)</u>	<u>1,879,113</u>
Total capital assets—not depreciated	<u>1,053,510</u>	<u>2,318,741</u>	<u>-</u>	<u>(1,125,374)</u>	<u>2,246,877</u>
Capital assets being depreciated:					
Buildings/facilities	578,513	-	-	-	578,513
Water systems	34,248,818	1,661,634	-	1,054,007	36,964,459
Sewer systems	21,814,808	1,612,909	(891,760)	-	22,535,957
Equipment	2,564,538	156,268	(66,593)	39,700	2,693,913
Master studies	<u>321,378</u>	<u>-</u>	<u>(180,501)</u>	<u>31,667</u>	<u>172,544</u>
Total capital assets being depreciated	<u>59,528,055</u>	<u>3,430,811</u>	<u>(1,138,854)</u>	<u>1,125,374</u>	<u>62,945,386</u>
Less accumulated depreciation for:					
Buildings/facilities	(305,129)	(29,147)	-	-	(334,276)
Water systems	(6,608,590)	(733,684)	-	-	(7,342,274)
Sewer systems	(4,935,002)	(624,253)	891,760	-	(4,667,495)
Equipment	(1,890,191)	(181,016)	66,593	-	(2,004,614)
Master studies	<u>(232,394)</u>	<u>(34,546)</u>	<u>167,645</u>	<u>-</u>	<u>(99,295)</u>
Total accumulated depreciation	<u>(13,971,306)</u>	<u>(1,602,646)</u>	<u>1,125,998</u>	<u>-</u>	<u>(14,447,954)</u>
Total capital assets—being depreciated—net	<u>45,556,749</u>	<u>1,828,165</u>	<u>(12,856)</u>	<u>1,125,374</u>	<u>48,497,432</u>
Business-type activities capital assets—net	<u>\$ 46,610,259</u>	<u>\$ 4,146,906</u>	<u>\$ (12,856)</u>	<u>\$ -</u>	<u>\$ 50,744,309</u>

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

Governmental activities:	
General government	\$ 183,712
Public safety	227,847
Community service	898,516
Public works	3,816,374
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	751,724
Total depreciation expense—governmental activities	<u>\$ 5,878,173</u>
Business-type activities—water and sewer	<u>\$ 1,602,646</u>

**Construction Commitments**

The City has active construction projects as of September 30, 2008. 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 \$45,884,707, of which \$37,662,536 has been spent to date, with a remaining commitment of \$8,222,171.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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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, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets—not being depreciated:					
Land	\$ 544,883	\$ 1,465,632	\$ (140,962)	\$ -	\$ 1,869,553
Construction in progress	5,310	326,659	-	(331,969)	-
Total capital assets- not being depreciated	<u>550,193</u>	<u>1,792,291</u>	<u>(140,962)</u>	<u>(331,969)</u>	<u>1,869,553</u>
Capital assets—being depreciated:					
Leasehold improvements	-	-	-	331,969	331,969
Improvements other than buildings	-	85,962	-	-	85,962
Total capital assets being depreciated	-	85,962	-	331,969	417,931
Less accumulated depreciation for:					
Leasehold improvements	-	(2,766)	-	-	(2,766)
Improvements other than buildings	-	(430)	-	-	(430)
Total accumulated depreciation	-	(3,196)	-	-	(3,196)
Total capital assets being depreciated—net	-	82,766	-	331,969	414,735
EDC Capital assets—net	<u>\$ 550,193</u>	<u>\$ 1,875,057</u>	<u>\$ (140,962)</u>	<u>\$ -</u>	<u>\$ 2,284,286</u>

Activity for the Community Development Corporation for the year ended September 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets—not being depreciated:				
Construction in progress	<u>\$ 2,318,569</u>	<u>\$ 1,355,373</u>	<u>\$ (3,643,863)</u>	<u>\$ 30,079</u>

CDC capital assets are contributed to the City when completed.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

The composition of interfund receivables and payables as of September 30, 2008, is as follows:

Due to (from) other funds:

Receivable Fund	Payable Fund	Amount
General Fund	CDBG Fund	\$ 17,000
General Fund	Disaster Relief Fund	50,000
		<u><u>\$ 67,000</u></u>

The loans to the General Fund from Community Development Block Grant Fund and the Disaster Relief Fund provide the other funds cash to pay for expenditures that will be reimbursed by granting agencies once the requests for reimbursements are processed.

Transfers are used to a) move unrestricted revenues collected in the general fund to finance various programs in accordance with budgetary authorizations, b) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, c) transfer assets from funds that have fulfilled their purpose to the general fund, and d) to accumulate funds for the retirement of the Joe Pool liability. The transfer activity for the year ended September 30, 2008 is presented in the following schedule:

Transfers to	Transfers From				
	Major Funds				
	General Fund	Certificates of Obligation Bonds	General Obligation Bonds	Enterprise Fund	Nonmajor Funds
Primary government:					
Governmental activities:					
Major funds:					
Debt service	\$ 7,944	\$ -	\$ 3,826	\$ 2,118	\$ 2,000
Joe Pool fund	1,850,000	50,000	-		1,800,000
General fund	<u>89,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total major funds	1,947,581	50,000	3,826	2,118	1,802,000
Nonmajor governmental funds	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u><u>\$ 2,347,581</u></u>	<u><u>\$ 450,000</u></u>	<u><u>\$ 3,826</u></u>	<u><u>\$ 2,118</u></u>	<u><u>\$ 1,802,000</u></u>
					<u><u>\$ 89,637</u></u>

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

The General Fund and the Water and Sewer Fund transfer funds to the Joe Pool Fund in order to accumulate resources to retire the liability resulting from the acquisition of rights to water conservation storage space. This liability is explained in Footnote 6, Other Obligations. The General Fund transfers funds to the Street Construction Fund to provide funding for street projects that are not funded by the issuance of debt. The General Fund also transfers funds to the Drainage Fund to provide resources for drainage studies and construction projects and to the Building Maintenance Fund for future building repair costs. The Water and Sewer Fund, the General Obligation Bond Fund and the Certificates of Obligation Fund transfer funds to the Debt Service Fund for payment of debt service. The nonmajor funds transferred funds to reimburse the General Fund for advances received in previous years.

**Eliminations**

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

**NOTE 6. LONG-TERM OBLIGATIONS**

**Changes in Long-Term Liabilities**

The following is a summary of transactions affecting long-term liabilities for the year ended September 30, 2008:

	Balance October 1, 2007	Increases	Retirements	Balance September 30, 2008	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 49,845,000	\$ 8,665,000	\$ (2,850,000)	\$ 55,660,000	\$ 2,855,000
Certificates of obligation	23,410,000	10,865,000	(1,010,000)	33,265,000	810,000
Other obligations	<u>50,277,438</u>	<u>2,857,267</u>	<u>-</u>	<u>53,134,705</u>	<u>-</u>
Total bonds payable	123,532,438	22,387,267	(3,860,000)	142,059,705	3,665,000
Unamortized premiums	688,833	353,384	(96,395)	945,822	-
Unamortized discounts	(16,401)	-	1,187	(15,214)	-
Unamortized loss on refunded bonds	(372,329)	-	51,658	(320,671)	-
Compensated absences	2,965,539	1,263,023	(941,116)	3,287,446	1,050,880
Arbitrage liability	579,398	-	(232,094)	347,304	-
Estimated liability for litigation	60,000	-	-	60,000	-
Total governmental long-term liabilities	<u>127,437,478</u>	<u>24,003,674</u>	<u>(5,076,760)</u>	<u>146,364,392</u>	<u>4,715,880</u>
Business-type activities:					
Revenue bonds payable	8,485,000	3,000,000	(790,000)	10,695,000	505,000
Unamortized premiums	7,540	51,293	(5,783)	53,050	-
Unamortized discounts	(8,841)	-	918	(7,923)	-
Compensated absences	242,420	115,109	(95,796)	261,733	113,993
Total business-type long-term liabilities	<u>8,726,119</u>	<u>3,166,402</u>	<u>(890,661)</u>	<u>11,001,860</u>	<u>618,993</u>
Total primary government long-term liabilities	<u>\$ 136,163,597</u>	<u>\$ 27,170,076</u>	<u>\$ (5,967,421)</u>	<u>\$ 157,366,252</u>	<u>\$ 5,334,873</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Changes in Long-Term Liabilities – Continued**

Claims, judgments, and compensated absences are generally liquidated by the General fund.

**General Long-Term Liabilities**

General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2008 consist of the following individual issues:

	Interest Rates	Balance September 30, 2008
General obligation bonds:		
\$4,600,000 1998 General Obligation Bonds, due February 15, 2018	4.40%–4.75%	\$ 2,960,000
\$9,120,000 2002 General Obligation Bonds, due February 15, 2022	3.30%–4.80%	7,140,000
\$2,275,000 2003 General Obligation Refunding Bonds, due February 15, 2010	3.00%–3.50%	355,000
\$6,550,000 2003A General Obligation Bonds, due February 15, 2023	3.00%–5.00%	5,395,000
\$8,500,000 2004 General Obligation Bonds, due February 15, 2024	3.00%–5.00%	7,015,000
\$8,550,000 2005 General Obligation Refunding Bonds, due February 15, 2020	3.00%–5.00%	8,335,000
\$12,200,000 2005 General Obligation Bonds, due February 15, 2025	3.25%–5.125%	10,740,000
\$3,700,000 2006 General Obligation Bonds, due February 15, 2026	4.00%–4.50%	3,515,000
\$2,300,000 2006A General Obligation Bonds, due February 15, 2026	4.00%–4.50%	2,070,000
\$8,135,000 2007A General Obligation Bonds, due February 15, 2027	4.00%–5.00%	8,135,000
Total general obligation bonds		\$ 55,660,000
Certificate of obligation bonds:		
Governmental activities:		
\$2,990,000 2003 Certificates of Obligation, due February 15, 2013	2.75%–3.55%	\$ 1,595,000
\$8,800,000 2003A Certificates of Obligation, due February 15, 2028	3.00%–5.00%	8,380,000
\$12,890,000 2006 Certificates of Obligation, due February 15, 2026	4.00%–5.00%	12,650,000
\$2,275,000 2007 Certificates of Obligation, due February 15, 2027	4.00%–4.50%	2,050,000
\$8,590,000 2008 Certificates of Obligation, due February 15, 2028	4.00%–4.25%	8,590,000
Total certificate of obligation bonds		\$ 33,265,000
Revenue bonds:		
Business-type activities:		
\$ 995,000 1999 Waterworks and Sewer System Revenue Bonds, due April 1, 2019	4.50%–7.00%	\$ 655,000
\$2,685,000 1999A Waterworks and Sewer System Revenue Bonds, due April 1, 2019	5.00%–5.50%	1,865,000
\$3,000,000 2004 Waterworks and Sewer System Revenue Bonds, due April 1, 2024	3.00%–4.75%	2,520,000
\$3,000,000 2006 Waterworks and Sewer System Revenue Bonds, due April 1, 2026	4.00%–4.60%	2,805,000
\$3,000,000 2007 Waterworks and Sewer System Revenue Bonds, due April 1, 2027	4.00%–5.00%	2,850,000
Total revenue bonds		\$ 10,695,000

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**General Long-Term Liabilities – Continued**

Annual requirements to amortize the long-term debt as of September 30, 2008, are as follows:

Year Ending September 30	Governmental Activities					
	General Obligation Bonds		Certificates of Obligation Bonds		Other Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 2,855,000	\$ 2,334,936	\$ 810,000	\$ 1,649,561	\$ -	\$ -
2010	2,975,000	2,229,384	1,045,000	1,411,585	-	-
2011	2,905,000	2,118,498	1,085,000	1,372,191	-	-
2012	3,030,000	2,005,260	1,120,000	1,330,638	-	-
2013	3,160,000	1,882,575	1,165,000	1,286,948	-	-
2014-2018	18,100,000	7,240,068	7,825,000	5,573,675	-	-
2019-2023	16,760,000	3,201,002	10,080,000	3,622,209	-	-
2024-2028	5,875,000	402,678	10,135,000	1,061,588	-	-
2046	-	-	-	-	53,134,705	380,948,841
Total principal and interest	<u>\$ 55,660,000</u>	<u>\$ 21,414,401</u>	<u>\$ 33,265,000</u>	<u>\$ 17,308,395</u>	<u>\$ 53,134,705</u>	<u>\$ 380,948,841</u>

Year Ending September 30	Business-Type Activities	
	Revenue Bonds	
	Principal	Interest
2009	\$ 505,000	\$ 477,394
2010	525,000	456,869
2011	545,000	435,101
2012	565,000	412,394
2013	590,000	388,341
2014-2018	3,390,000	1,515,598
2019-2023	2,930,000	747,606
2024-2027	1,645,000	159,985
Total principal and interest	<u>\$ 10,695,000</u>	<u>\$ 4,593,288</u>

During the fiscal year, the City issued \$8,665,000 in General Obligation Bonds for street construction and \$10,865,000 in Certificates of Obligations to fund a \$2,000,000 animal shelter expansion and \$7,190,000 in street construction and \$1,675,000 for construction of a fire station. The City also issued \$3,000,000 of Waterworks and Sewer System Revenue Bonds to improve and extend the City's waterworks and sewer system.

**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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Other Obligations**

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

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

The City’s portion of the original contractual liability, as amended, amounted to \$26,284,063 and bears interest at 5.683%. According to the contract terms, each annual payment is to be made in 12 equal installments, each due and payable on or before the tenth day of the month. All payments, if not paid when due, bear interest at 5.683% per annum, if no water was diverted by that date. The City accrued an amount of \$2,857,267 for the interest accrued and not paid for the year ended September 30, 2008, which increased the long-term debt liability to the current balance of \$53,134,705. 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.

**Component Units**

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

	<u>Balance October 1, 2007</u>	<u>Increases</u>	<u>Retirements</u>	<u>Balance September 30, 2008</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Sales Tax Revenue Bonds	\$ 1,655,000	\$ -	\$ (210,000)	\$ 1,445,000	\$ 220,000
Unamortized premiums	3,541	-	(910)	2,631	-
Compensated absences	54,682	52,615	(34,962)	72,335	43,714
<b>Total long-term liabilities</b>	<b>\$ 1,713,223</b>	<b>\$ 52,615</b>	<b>\$ (245,872)</b>	<b>\$ 1,519,966</b>	<b>\$ 263,714</b>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Component Units – Continued**

The annual requirements to amortize the long-term debt of the component unit debt as of September 30, 2008, are as follows:

Year Ending September 30	Community Development Corporation Revenue Bonds	
	Principal	Interest
2009	\$ 220,000	\$ 44,494
2010	225,000	37,819
2011	235,000	30,625
2012	245,000	22,672
2013	250,000	14,163
2014	270,000	4,894
Total principal and interest	<u>\$ 1,445,000</u>	<u>\$ 154,667</u>

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

	Balance October 1, 2007			Balance September 30, 2008		Due Within One Year
		Increases	Retirements			
Compensated absences	\$ 26,110	\$ 12,390	\$ (10,178)	\$ 28,322		\$ 11,293

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. The EDC has entered into an agreement with the City to provide the funds, contingent on the EDC's collection of sales taxes, to amortize the City's \$2,990,000 2003 certificates of obligation and related interest for the construction of Uptown Boulevard. In fiscal year 2006, the EDC entered into a second 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 "Lifestyle Center" 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**NOTE 6. 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, 2008, to be included as a component unit.

**NOTE 7. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and other natural disasters. During fiscal 2008, the City purchased general liability, property and workers' compensation from Texas Municipal League Risk Pool (“TML”). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain risk of losses. There was no change in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**NOTE 8. COMMITMENTS AND CONTINGENCIES**

**Trinity River Authority of Texas**

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

Regular monthly expenses for October 1, 2007 to September 30, 2008	\$ 4,115,451
TRA adjustment for prior-year settlement	<u>(304,652)</u>
Sewage treatment and water system facility expenses	\$ 3,810,799

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**NOTE 8. 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 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Plan Descriptions**

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 827 municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2007, valuations are contained in the 2007 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**NOTE 9. 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, 2007)

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, both as adopted by the governing body and the City. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2006 valuation is effective for the rates beginning January 2008)

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Annual Pension Costs**

Contributions by the City were \$1,884,207 or 12.68% of the covered payroll of \$14,856,820 as required by the actuarial valuation. Plan participants contributed \$1,064,715. The total fiscal year 2008 payroll was \$15,753,407. Annual City pension cost and related information for the last three years is as follows:

<u>Actuarial Information</u>	<u>12/31/07</u>	<u>12/31/06</u>	<u>12/31/05</u>
	Projected Unit Credit Level %	Unit Credit Level %	Unit Credit Level %
Actuarial cost method			
Amortization method			
Amortization period	30 years-closed period	25 years-open period	25 years-open period
Asset valuation method	Amortized cost	Amortized cost	Amortized cost
Assumptions			
Investment return	7.0% varies by age	7.0%	7.0%
projected salary increases	and services	None	None
Inflation	3.0%	3.5%	3.5%
cost-of-living adjustment	2.1% (3.0% CPI)	None	None
City specific assumptions			
Payroll growth assumption	3.0%	4.0%	4.0%
Withdrawal rates for Male/Female (low, mid/low, mid, mid/high or high)	Mid-Low/Mid	Low/Low	Low/Low

Schedule of Funding Information

	<u>12/31/07</u>	<u>12/31/06</u>	<u>12/31/05</u>
Actuarial valuation date	\$25,541,227	\$22,546,333	\$20,092,123
Actuarial Value of Assets	\$39,356,799	\$29,083,410	\$25,711,722
Actuarial Accrued Liability			
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$13,815,572	\$6,537,077	\$5,619,599
Funded ratio	64.9%	77.5%	78.1%
Annual Covered Payroll	\$14,856,820	\$13,182,997	\$12,246,840
UAAL as a Percentage of Covered Payroll	93.0%	49.6%	45.9%

The City's net pension obligation (NPO) for TMRS at December 31, 2007, 2006 and 2005 is calculated as follows:

	<u>December 31</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarial valuation date:			
NPO, beginning of the year	\$ -	\$ -	\$ -
Annual pension cost:			
Annual required contribution (ARC)	2,948,922	2,571,598	2,315,602
Contributions Made	(2,948,922)	(2,571,598)	(2,315,602)
NPO , end of the year	\$ -	\$ -	\$ -

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**Annual Pension Costs – Continued**

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes will likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or their required contribution rate).

If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city’s unfunded actuarial accrued liability would have been \$7,280,917 and the funded ratio would have been 77.8%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in city contribution rates, following the December 31, 2009 actuarial valuation.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

**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 hours 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 September 30, 2008, the City had two active members of the plan and ten 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 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 asset of the pension plan is market value. If there had been an actuarial liability the amortization method and period would be level dollar closed 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 as a result trend information has been presented only for the period through the last study. (October 1, 2007)

Actuarial Valuation Date	October 1,					
	2002	2003	2004	2005	2006	2007
Annual pension cost	\$ 9,409	\$ 5,986	\$ 4,498	\$ 4,724	\$ 6,294	\$ 2,095
Net pension obligation (NPO) at beginning of period	15,767	10,676	(12,338)	(22,665)	(23,927)	(17,633)
Annual pension cost:						
Annual required contribution (ARC)	9,409	5,986	4,498	4,724	6,294	2,095
Contributions made	(14,500)	(29,000)	(14,825)	(5,986)	-	-
NPO at the end of the period	<u>\$ 10,676</u>	<u>\$ (12,338)</u>	<u>\$ (22,665)</u>	<u>\$ (23,927)</u>	<u>\$ (17,633)</u>	<u>\$ (15,538)</u>

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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

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

The following table discloses six-year historical trend information relating to the benefit plan.

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
2002	\$ 9,409	64.89%	\$ 10,676
2003	5,986	20.64%	(12,338)
2004	4,498	30.34%	(22,665)
2005	4,724	78.92%	(23,927)
2006	6,294	N/A	(17,633)
2007	2,095	N/A	(15,538)

The net pension asset at September 30, 2007, is calculated as follows:

Annual required contribution ("ARC")	\$ 2,095
Interest on prior year's net pension asset	(882)
Adjustment to the ARC	<u>882</u>
Annual pension cost	2,095
Contributions made	-
Increase in net pension asset	<u>(2,095)</u>
Net pension asset—beginning of year	<u>17,633</u>
Net pension asset—end of year	<u>\$ 15,538</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**NOTE 10. 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 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 2008, the City contributed \$1,020,697 to the operations of the Center, which is accounted for in the general fund. The City has a one-third share in the equity of the Center, which is included in the government-wide statement of net assets as other assets. At September 30, 2008, the City's investment in the Center is \$370,403.

**NOTE 11. SUBSEQUENT EVENT**

In October 2008, the City issued \$7,500,000 of General Obligation Bonds, for street improvements and \$3,000,000 of Waterworks and Sewer System Revenue Bonds for water and wastewater system improvements.



## **REQUIRED SUPPLEMENTARY INFORMATION**





**CITY OF CEDAR HILL, TEXAS**  
**SCHEDULE OF PENSION FUNDING PROGRESS – TMRS PLAN (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT E-1**

<b>Actuarial Valuation Date</b>	<b>December</b>		
	<b>2005</b>	<b>2006</b>	<b>2007</b>
Actuarial value of assets	\$ 20,092,123	\$ 22,546,333	\$ 25,541,227
Actuarial accrued liability	25,711,722	29,083,410	39,356,799
Percentage funded	78.1%	77.5%	64.9%
Unfunded actuarial accrued liability (UAAL)	5,619,599	6,537,077	13,815,572
Annual covered payroll	12,246,840	13,182,997	14,856,820
UAAL as a percentage of covered payroll	45.9%	49.6%	93.0%

**CITY OF CEDAR HILL, TEXAS**  
**SCHEDULE OF PENSION FUNDING PROGRESS –**  
**RESERVE POLICE DEPARTMENT PLAN (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT E-2**

Actuarial Valuation Date	December						
	2001	2001	2002	2003	2004	2005	2006
Actuarial value of assets	\$ 206,927	\$152,377	\$147,356	\$192,836	\$ 228,340	\$259,140	\$302,139
Actuarial accrued liability	137,328	140,479	154,596	163,296	134,018	134,341	181,233
Percentage funded	150.7%	108.5%	95.3%	118.1%	170.4%	192.9%	166.7%
Unfunded actuarial accrued liability (UAAL)			7,240				
Annual covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
UAAL as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**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, 2008**

**EXHIBIT E-3**

	<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	\$ 20,307,565	\$ 20,307,565	\$ 20,338,666	\$ 31,101
Franchise fees	3,165,000	3,165,000	3,060,567	(104,433)
Licenses and permits	664,000	664,000	579,360	(84,640)
Intergovernmental	257,970	257,970	312,376	54,406
Charges for services	1,579,480	1,579,480	1,828,092	248,612
Fines and forfeitures	1,023,500	1,023,500	838,880	(184,620)
Investment earnings	602,500	602,500	334,815	(267,685)
Miscellaneous	191,000	191,000	310,583	119,583
Total revenues	<u>27,791,015</u>	<u>27,791,015</u>	<u>27,603,339</u>	<u>(187,676)</u>
<b>EXPENDITURES</b>				
Current Expenditures:				
General administration	5,838,970	4,996,660	4,845,342	151,318
Public works	1,998,925	1,998,925	1,905,649	93,276
Public safety	17,077,770	18,065,575	17,925,343	140,232
Community services	4,087,675	4,121,890	3,916,096	205,794
Capital Expenditures:				
General administration	200,000	198,065	98,063	100,002
Public safety	216,150	62,800	58,023	4,777
Total expenditures	<u>29,419,490</u>	<u>29,443,915</u>	<u>28,748,516</u>	<u>695,399</u>
Excess (deficiency) of revenues over expenditures	<u>(1,628,475)</u>	<u>(1,652,900)</u>	<u>(1,145,177)</u>	<u>507,723</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	89,637	89,637
Transfer out	(450,000)	(450,000)	(450,000)	-
Total other financing sources (uses)	<u>(450,000)</u>	<u>(450,000)</u>	<u>(360,363)</u>	<u>89,637</u>
Net change in fund balances	(2,078,475)	(2,102,900)	(1,505,540)	597,360
Fund balances, beginning of year	8,791,702	9,408,192	9,408,192	-
Fund balances, end of year	<u>\$ 6,713,227</u>	<u>\$ 7,305,292</u>	<u>\$ 7,902,652</u>	<u>\$ 597,360</u>

**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, 2008**

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**EXHIBIT E-4**

	<b>2008 Budget</b>			<b>Variance with Final Budget— Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES—Investment earnings</b>	\$ 1,425,000	\$ 1,425,000	\$ 2,302,955	\$ 877,955
Total revenues	1,425,000	1,425,000	2,302,955	877,955
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	1,850,000	1,850,000	1,850,000	-
Total other financing sources (uses)	1,850,000	1,850,000	1,850,000	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES</b>	3,275,000	3,275,000	4,152,955	877,955
<b>FUND BALANCE—Beginning of year</b>	21,922,590	21,662,048	21,662,048	-
<b>FUND BALANCE—End of year</b>	\$ 25,197,590	\$ 24,937,048	\$ 25,815,003	\$ 877,955

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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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. At the end of the fiscal year, all appropriations lapse.
5. Annual budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America ("GAAP").
6. The budgetary data presented has been amended from the original budget by the City Council.

## **OTHER SUPPLEMENTARY INFORMATION**





**CITY OF CEDAR HILL, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2008**

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<b>Nonmajor Special Revenue Funds</b>						
	<b>Police Forfeiture</b>	<b>Municipal Court</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 115,009	\$ 288	\$ 317,926	\$ 64,146		
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	18,365	-		
Total assets	<u>\$ 115,009</u>	<u>\$ 288</u>	<u>\$ 336,291</u>	<u>\$ 64,146</u>		
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 2,500	\$ -		
Accrued liabilities	4,448	-	-	-		
Due to other funds	-	-	-	-		
Deferred revenue	-	-	-	-		
Total liabilities	<u>4,448</u>	<u>-</u>	<u>2,500</u>	<u>-</u>		
<b>FUND BALANCES</b>						
Reserved for construction	-	-	-	-		
Unreserved, undesignated	110,561	288	333,791	64,146		
Total fund balances	<u>110,561</u>	<u>288</u>	<u>333,791</u>	<u>64,146</u>		
Total liabilities and fund balances	<u>\$ 115,009</u>	<u>\$ 288</u>	<u>\$ 336,291</u>	<u>\$ 64,146</u>		

**EXHIBIT F-1(CONTINUED)**

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<b>Nonmajor Special Revenue Funds</b>						
<b>Park Foundation</b>	<b>Comm. Dev. Block Grant</b>	<b>High Pointe PID</b>	<b>Waterford Oaks PID</b>	<b>Disaster Relief</b>	<b>Traffic Safety</b>	
\$ -	\$ 17	\$ 99,313	\$ 166,323	\$ (6,887)	\$ 306,609	
-	16,983	15,133	5,949	65,773	-	
<b>\$ -</b>	<b>\$ 17,000</b>	<b>\$ 114,446</b>	<b>\$ 172,272</b>	<b>\$ 58,886</b>	<b>\$ 306,609</b>	
\$ -	\$ -	\$ 6,281	\$ 1,515	\$ 916	\$ 19,410	
-	-	196	22	-	101,628	
-	17,000	-	-	50,000	-	
-	-	10,986	4,234	-	-	
-	17,000	17,463	5,771	50,916	121,038	
-	-	-	-	-	-	
-	-	96,983	166,501	7,970	185,571	
-	-	96,983	166,501	7,970	185,571	
<b>\$ -</b>	<b>\$ 17,000</b>	<b>\$ 114,446</b>	<b>\$ 172,272</b>	<b>\$ 58,886</b>	<b>\$ 306,609</b>	

**CITY OF CEDAR HILL, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2008**

	<b>Nonmajor Capital Projects</b>			
	<b>Landscape Beautification</b>	<b>Total Nonmajor Special Revenue Funds</b>	<b>Park Development</b>	<b>Infrastructure Improvement</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 394,359	\$ 1,457,103	\$ 506,570	\$ 1,148,315
Receivables (net, where applicable, of allowances for uncollectibles)	185,196	307,399	-	-
<b>Total assets</b>	<b>\$ 579,555</b>	<b>\$ 1,764,502</b>	<b>\$ 506,570</b>	<b>\$ 1,148,315</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 133,421	\$ 164,043	\$ -	\$ 112,583
Accrued liabilities	12,755	119,049	-	-
Due to other funds	-	67,000	-	-
Deferred revenue	-	15,220	-	-
<b>Total liabilities</b>	<b>146,176</b>	<b>365,312</b>	<b>-</b>	<b>112,583</b>
<b>FUND BALANCES</b>				
Reserved for construction	-	-	506,570	1,035,732
Unreserved, undesignated	433,379	1,399,190	-	-
<b>Total fund balances</b>	<b>433,379</b>	<b>1,399,190</b>	<b>506,570</b>	<b>1,035,732</b>
<b>Total liabilities and fund balances</b>	<b>\$ 579,555</b>	<b>\$ 1,764,502</b>	<b>\$ 506,570</b>	<b>\$ 1,148,315</b>

**EXHIBIT F-1(CONCLUDED)**

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<b>Nonmajor Capital Projects</b>				<b>Total</b>	
<b>Restricted Street</b>	<b>Street Construction</b>	<b>Building Maintenance</b>	<b>Drainage</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Funds</b>
\$ 601,159	\$ 2,012,525	\$ 191,322	\$ 515,358	\$ 4,975,249	\$ 6,432,352
-	-	-	-	-	307,399
<u>\$ 601,159</u>	<u>\$ 2,012,525</u>	<u>\$ 191,322</u>	<u>\$ 515,358</u>	<u>\$ 4,975,249</u>	<u>\$ 6,739,751</u>
 \$ -	 \$ -	 \$ -	 \$ -	 \$ 112,583	 \$ 276,626
-	-	-	-	-	119,049
-	-	-	-	-	67,000
-	-	-	-	-	15,220
 -	 -	 -	 -	 112,583	 477,895
 601,159	 2,012,525	 191,322	 515,358	 4,862,666	 4,862,666
 -	 -	 -	 -	 -	 1,399,190
<u>601,159</u>	<u>2,012,525</u>	<u>191,322</u>	<u>515,358</u>	<u>4,862,666</u>	<u>6,261,856</u>
 \$ 601,159	 \$ 2,012,525	 \$ 191,322	 \$ 515,358	 \$ 4,975,249	 \$ 6,739,751

**CITY OF CEDAR HILL, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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	<b>Nonmajor Special Revenue Funds</b>				
	<b>Police Forfeiture</b>	<b>Municipal Court</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>	<b>Park Foundation</b>
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ 61,571	\$ -	\$ -
Fines and forfeits	61,245	12,956	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	5,815	155	9,551	2,074	7
Miscellaneous	-	-	-	-	-
Total revenues	<u>67,060</u>	<u>13,111</u>	<u>71,122</u>	<u>2,074</u>	<u>7</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	84,870	16,125	-	-	-
Public works	-	-	-	-	-
Community Services	-	-	20,087	300	1,914
Capital outlay					
Public safety	23,702	-	-	-	-
Public works	-	-	-	-	-
Community Services	-	-	-	-	-
Total expenditures	<u>108,572</u>	<u>16,125</u>	<u>20,087</u>	<u>300</u>	<u>1,914</u>
Excess (deficiency) of revenues over expenditures	<u>(41,512)</u>	<u>(3,014)</u>	<u>51,035</u>	<u>1,774</u>	<u>(1,907)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditure	<u>(41,512)</u>	<u>(3,014)</u>	<u>51,035</u>	<u>1,774</u>	<u>(1,907)</u>
Fund balances, beginning of year	<u>152,073</u>	<u>3,302</u>	<u>282,756</u>	<u>62,372</u>	<u>1,907</u>
Fund balances, end of year	<u>\$ 110,561</u>	<u>\$ 288</u>	<u>\$ 333,791</u>	<u>\$ 64,146</u>	<u>\$ -</u>

**EXHIBIT F-2(CONTINUED)**

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<b>Nonmajor Special Revenue Funds</b>							
<b>Comm. Dev. Block Grant</b>	<b>High Pointe PID</b>	<b>Waterford Oaks PID</b>	<b>Disaster Relief</b>	<b>Traffic Safety</b>	<b>Landscape Beautification</b>	<b>Total Nonmajor Special Revenue Funds</b>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,571	
				454,522		528,723	
154,800	20,000	2,305	-	-		177,105	
-	-	-	-	-	1,815,177	1,815,177	
-	5,940	5,148	-	6,711	9,827	45,228	
-	368,101	111,024	65,772	-	3,961	548,858	
<b>154,800</b>	<b>394,041</b>	<b>118,477</b>	<b>65,772</b>	<b>461,233</b>	<b>1,828,965</b>	<b>3,176,662</b>	
-	-	-	-	353,421	-	454,416	
154,800	-	-	-	-	-	154,800	
-	286,049	60,004	57,802	-	1,483,883	1,910,039	
-	-	-	-	-	-	23,702	
-	-	-	-	-	-	-	
-	102,604	1,625	-	-	179,961	284,190	
<b>154,800</b>	<b>388,653</b>	<b>61,629</b>	<b>57,802</b>	<b>353,421</b>	<b>1,663,844</b>	<b>2,827,147</b>	
-	5,388	56,848	7,970	107,812	165,121	349,515	
-	-	-	(89,637)	-	-	(89,637)	
-	-	-	(89,637)	-	-	(89,637)	
-	5,388	56,848	(81,667)	107,812	165,121	259,878	
-	91,595	109,653	89,637	77,759	268,258	1,139,312	
<b>\$ -</b>	<b>\$ 96,983</b>	<b>\$ 166,501</b>	<b>\$ 7,970</b>	<b>\$ 185,571</b>	<b>\$ 433,379</b>	<b>\$ 1,399,190</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, 2008**

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	<b>Nonmajor Capital Projects</b>		
	<b>Park Development</b>	<b>Infrastructure Improvement</b>	<b>Restricted Street</b>
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ -
Fines and forfeits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income	16,569	-	19,501
Miscellaneous	3,000	-	-
Total revenues	19,569	-	19,501
<b>EXPENDITURES</b>			
Current:			
Public safety	-	-	-
Public works	-	990,847	-
Community Services	-	-	-
Capital outlay			
Public safety	-	-	-
Public works	-	1,787,524	-
Community Services	8,702	-	-
Total expenditures	8,702	2,778,371	-
Excess (deficiency) of revenues over expenditures	10,867	(2,778,371)	19,501
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses):	-	-	-
Excess (deficiency) of revenues and other sources over expenditures	10,867	(2,778,371)	19,501
Fund balances, beginning of year	495,703	3,814,103	581,658
Fund balances, end of year	\$ 506,570	\$ 1,035,732	\$ 601,159

**EXHIBIT F-2 (CONCLUDED)**

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<b>Nonmajor Capital Projects</b>			<b>Total</b>	
<b>Street Construction</b>	<b>Building Maintenance</b>	<b>Drainage</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 61,571
-	-	-	-	528,723
-	-	-	-	177,105
-	-	-	-	1,815,177
60,437	5,724	14,402	116,633	161,861
-	-	-	3,000	551,858
<b>60,437</b>	<b>5,724</b>	<b>14,402</b>	<b>119,633</b>	<b>3,296,295</b>
-	-	-	-	454,416
-	-	-	990,847	1,145,647
-	-	-	-	1,910,039
-	-	-	-	23,702
-	-	-	1,787,524	1,787,524
-	-	-	8,702	292,892
-	-	-	<b>2,787,073</b>	<b>5,614,220</b>
<b>60,437</b>	<b>5,724</b>	<b>14,402</b>	<b>(2,667,440)</b>	<b>(2,317,925)</b>
250,000	25,000	125,000	400,000	400,000
-	-	-	-	(89,637)
<b>250,000</b>	<b>25,000</b>	<b>125,000</b>	<b>400,000</b>	<b>310,363</b>
310,437	30,724	139,402	(2,267,440)	(2,007,562)
1,702,088	160,598	375,956	7,130,106	8,269,418
<b>\$ 2,012,525</b>	<b>\$ 191,322</b>	<b>\$ 515,358</b>	<b>\$ 4,862,666</b>	<b>\$ 6,261,856</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, 2008**

**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	\$ 5,517,822	\$ 5,517,825	\$ 5,605,248	\$ 87,423	
Intergovernmental	1,665,401	1,665,400	1,665,401	1	
Investment earnings	110,000	110,000	80,743	(29,257)	
Total revenues	<u>7,293,223</u>	<u>7,293,225</u>	<u>7,351,392</u>	<u>58,167</u>	
<b>EXPENDITURES</b>					
Principal retirement	3,860,000	3,860,000	3,860,000	-	
Interest and fiscal agent charges	3,526,345	3,582,150	3,582,146	4	
Total expenditures	<u>7,386,345</u>	<u>7,442,150</u>	<u>7,442,146</u>	<u>4</u>	
Excess/(deficiency) of revenues over expenditures	<u>(93,122)</u>	<u>(148,925)</u>	<u>(90,754)</u>	<u>58,171</u>	
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	7,944	7,944	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>7,944</u>	<u>7,944</u>	
Net changes in fund balances	<u>(93,122)</u>	<u>(148,925)</u>	<u>(82,810)</u>	<u>66,115</u>	
Fund balances, beginning of year	<u>1,199,994</u>	<u>1,398,426</u>	<u>1,398,426</u>	<u>-</u>	
Fund balances, end of year	<u>\$ 1,106,872</u>	<u>\$ 1,249,501</u>	<u>\$ 1,315,616</u>	<u>\$ 66,115</u>	

**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, 2008**

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**EXHIBIT G-2**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
				<b>Positive</b>	<b>(Negative)</b>
<b>REVENUES</b>					
Fines and forfeits	\$ -	\$ -	\$ 61,245	\$ 61,245	
Investment earnings	2,000	2,000	5,815		3,815
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>67,060</u>		<u>65,060</u>
<b>EXPENDITURES</b>					
Public safety	-	84,870	84,870		-
Capital outlay	152,500	67,630	23,702		43,928
Total expenditures	<u>152,500</u>	<u>152,500</u>	<u>108,572</u>		<u>43,928</u>
Excess/(deficiency) of revenues over expenditures	(150,500)	(150,500)	(41,512)		108,988
Changes in fund balances	(150,500)	(150,500)	(41,512)		108,988
Fund balances, beginning of year	<u>150,608</u>	<u>152,073</u>	<u>152,073</u>		-
Fund balances, end of year	<u>\$ 108</u>	<u>\$ 1,573</u>	<u>\$ 110,561</u>		<u>\$ 108,988</u>

**CITY OF CEDAR HILL, TEXAS**  
**MUNICIPAL COURT SECURITY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**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>					
Fines and forfeits	\$ 17,500	\$ 17,500	\$ 12,956	\$	(4,544)
Investment earnings	100	100	155		55
Total revenues	<u>17,600</u>	<u>17,600</u>	<u>13,111</u>		<u>(4,489)</u>
<b>EXPENDITURES</b>					
Public safety	17,600	17,600	16,125		1,475
Total expenditures	<u>17,600</u>	<u>17,600</u>	<u>16,125</u>		<u>1,475</u>
Excess/(deficiency) of revenues over expenditures	-	-	(3,014)		(3,014)
Changes in fund balances	-	-	(3,014)		(3,014)
Fund balances, beginning of year	59	<u>3,302</u>	<u>3,302</u>		-
Fund balances, end of year	<u>\$ 59</u>	<u>\$ 3,302</u>	<u>\$ 288</u>	<u>\$</u>	<u>(3,014)</u>

**CITY OF CEDAR HILL, TEXAS**  
**HOTEL OCCUPANCY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**EXHIBIT G-4**

	<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	\$ 50,000	\$ 50,000	\$ 61,571	\$ 11,571	
Investment earnings	12,500	12,500	9,551	(2,949)	
Total revenues	<u>62,500</u>	<u>62,500</u>	<u>71,122</u>	<u>8,622</u>	
<b>EXPENDITURES</b>					
Community services	31,000	31,000	20,087	10,913	
Total expenditures	<u>31,000</u>	<u>31,000</u>	<u>20,087</u>	<u>10,913</u>	
Excess(deficiency) of revenues over expenditures	31,500	31,500	51,035	19,535	
Net changes in fund balances	31,500	31,500	51,035	19,535	
Fund balances, beginning of year	<u>283,839</u>	<u>282,756</u>	<u>282,756</u>	<u>-</u>	
Fund balances, end of year	<u>\$ 315,339</u>	<u>\$ 314,256</u>	<u>\$ 333,791</u>	<u>\$ 19,535</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, 2008**

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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>Positive</b>	<b>(Negative)</b>
<b>REVENUES</b>					
Investment earnings	\$ 3,000	\$ 3,000	\$ 2,074	\$ (926)	
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>2,074</u>		<u>(926)</u>
<b>EXPENDITURES</b>					
Community services	1,500	1,500	300	1,200	
Total expenditures	<u>1,500</u>	<u>1,500</u>	<u>300</u>		<u>1,200</u>
Excess/(deficiency) of revenues over expenditures	1,500	1,500	1,774	274	
Net changes in fund balances	1,500	1,500	1,774	274	
Fund balances, beginning of year	61,105	62,372	62,372		-
Fund balances, end of year	<u>\$ 62,605</u>	<u>\$ 63,872</u>	<u>\$ 64,146</u>		<u>\$ 274</u>

**CITY OF CEDAR HILL, TEXAS**  
**PARK FOUNDATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**EXHIBIT G-6**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ 7	\$	7
Total revenues	-	-	7		7
<b>EXPENDITURES</b>					
Community services	-	1,915	1,914		1
Total expenditures	-	1,915	1,914		1
Excess/(deficiency) of revenues over expenditures	-	(1,915)	(1,907)		8
Net changes in fund balances	-	(1,915)	(1,907)		8
Fund balances, beginning of year	-	1,907	1,907		-
Fund balances, end of year	\$ -	\$ (8)	\$ -	\$	8

**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, 2008**

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**EXHIBIT G-7**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
				<b>\$</b>	<b>-</b>
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 154,800	\$ 154,800	\$ -	
Total revenues	-	154,800	154,800	-	
<b>EXPENDITURES</b>					
Public works	-	154,800	154,800	-	
Total expenditures	-	154,800	154,800	-	
Excess/(deficiency) of revenues over expenditures	-	-	-	-	
Net changes in fund balances	-	-	-	-	
Fund balances, beginning of year	-	-	-	-	
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	

**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, 2008**

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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>					
Assessments	\$ 358,530	\$ 358,530	\$ 362,226	\$ 3,696	
Intergovernmental	20,000	20,000	20,000	-	
Investment earnings	16,195	16,195	5,940	(10,255)	
Miscellaneous	-	-	5,875	5,875	
<b>Total revenues</b>	<b>394,725</b>	<b>394,725</b>	<b>394,041</b>	<b>(684)</b>	
<b>EXPENDITURES</b>					
Community service	254,225	254,225	286,049	(31,824)	
Capital outlay	140,500	140,500	102,604	37,896	
<b>Total expenditures</b>	<b>394,725</b>	<b>394,725</b>	<b>388,653</b>	<b>6,072</b>	
Excess/(deficiency) of revenues over expenditures	-	-	5,388	5,388	
Net changes in fund balances	-	-	5,388	5,388	
Fund balances, beginning of year	106,121	91,595	91,595	-	
<b>Fund balances, end of year</b>	<b>\$ 106,121</b>	<b>\$ 91,595</b>	<b>\$ 96,983</b>	<b>\$ 5,388</b>	

**CITY OF CEDAR HILL, TEXAS****EXHIBIT G-9****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, 2008**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
				<b>Positive</b>	<b>(Negative)</b>
<b>REVENUES</b>					
Assessments	\$ 98,500	\$ 98,500	\$ 111,024	\$ 12,524	
Intergovernmental	2,304	2,305	2,305	-	
Investment earnings	1,500	1,500	5,148	3,648	
Total revenues	<u>102,304</u>	<u>102,305</u>	<u>118,477</u>	<u>16,172</u>	
<b>EXPENDITURES</b>					
Community service	58,620	58,620	60,004	(1,384)	
Capital outlay	30,000	30,000	1,625	28,375	
Total expenditures	<u>88,620</u>	<u>88,620</u>	<u>61,629</u>	<u>26,991</u>	
Excess/(deficiency) of revenues over expenditures	<u>13,684</u>	<u>13,685</u>	<u>56,848</u>	<u>43,163</u>	
Net changes in fund balances	13,684	13,685	56,848	43,163	
Fund balances, beginning of year	<u>84,244</u>	<u>109,653</u>	<u>109,653</u>	<u>-</u>	
Fund balances, end of year	<u>\$ 97,928</u>	<u>\$ 123,338</u>	<u>\$ 166,501</u>	<u>\$ 43,163</u>	

**CITY OF CEDAR HILL, TEXAS**  
**DISASTER RELIEF SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**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>					
Miscellaneous	\$ -	\$ 65,773	\$ 65,772	\$ (1)	
Total revenues		65,773	65,772		(1)
<b>EXPENDITURES</b>					
Community service		57,805	57,802		3
Total expenditures		57,805	57,802		3
Excess/(deficiency) of revenues over expenditures		7,968	7,970		2
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out		(89,640)	(89,637)		3
Total other financing sources (uses)		(89,640)	(89,637)		3
Net changes in fund balances		(81,672)	(81,667)		5
Fund balances, beginning of year		89,637	89,637		-
Fund balances, end of year	\$ -	\$ 7,965	\$ 7,970	\$	5

**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, 2008**

**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>					
Fines and forfeits	\$ 406,350	\$ 406,350	\$ 454,522	\$ 48,172	
Investment earnings	4,000	4,000	6,711	2,711	
Total revenues	<u>410,350</u>	<u>410,350</u>	<u>461,233</u>	<u>50,883</u>	
<b>EXPENDITURES</b>					
Public safety	349,720	353,440	353,421	19	
Total expenditures	<u>349,720</u>	<u>353,440</u>	<u>353,421</u>	<u>19</u>	
Excess/(deficiency) of revenues over expenditures	60,630	56,910	107,812	50,902	
Changes in fund balances	60,630	56,910	107,812	50,902	
Fund balances, beginning of year	<u>19,930</u>	<u>77,759</u>	<u>77,759</u>	<u>-</u>	
Fund balances, end of year	<u>\$ 80,560</u>	<u>\$ 134,669</u>	<u>\$ 185,571</u>	<u>\$ 50,902</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, 2008**

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**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>					
Charges for services	\$ 1,775,000	\$ 1,775,000	\$ 1,815,177	\$ 40,177	
Investment earnings	-	-	9,827	9,827	
Miscellaneous	-	-	3,961	3,961	
<b>Total revenues</b>	<b>1,775,000</b>	<b>1,775,000</b>	<b>1,828,965</b>	<b>53,965</b>	
<b>EXPENDITURES</b>					
Community service	1,480,000	1,485,000	1,483,883	1,117	
Capital outlay	145,000	180,000	179,961	39	
<b>Total expenditures</b>	<b>1,625,000</b>	<b>1,665,000</b>	<b>1,663,844</b>	<b>1,156</b>	
Excess/(deficiency) of revenues over expenditures	150,000	110,000	165,121	55,121	
Net changes in fund balances	150,000	110,000	165,121	55,121	
Fund balances, beginning of year	24,800	268,258	268,258	-	
<b>Fund balances, end of year</b>	<b>\$ 174,800</b>	<b>\$ 378,258</b>	<b>\$ 433,379</b>	<b>\$ 55,121</b>	



**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 general bonded debt outstanding
- 11 Direct and overlapping governmental activities debt
- 12 Legal debt margin information
- 13 Pledged-revenue coverage

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

- 14 Demographic and economic statistics
- 15 Principal employers

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

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



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

**TABLE 1**

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$ 39,899,933	\$ 48,521,762	\$ 48,374,969	\$ 50,709,962	\$ 71,700,728	\$ 50,450,265
Restricted	6,578,144	7,804,156	8,965,160	9,806,890	9,806,890	12,950,069
Unrestricted	16,793,789	20,694,364	25,805,348	28,810,211	15,582,011	38,339,323
<b>Total governmental activities net assets</b>	<b>\$ 63,271,866</b>	<b>\$ 77,020,282</b>	<b>\$ 83,145,477</b>	<b>\$ 89,327,063</b>	<b>\$ 97,089,629</b>	<b>\$ 101,739,657</b>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 28,909,781	\$ 35,047,901	\$ 40,407,433	\$ 43,490,027	\$ 43,490,027	\$ 47,492,002
Restricted	5,091,049	5,870,555	5,099,043	5,095,754	5,011,341	4,458,851
Unrestricted	5,098,595	5,356,634	4,883,916	3,166,505	4,505,699	4,698,477
<b>Total business-type activities net assets</b>	<b>\$ 39,099,425</b>	<b>\$ 46,275,090</b>	<b>\$ 50,390,392</b>	<b>\$ 51,752,286</b>	<b>\$ 53,007,067</b>	<b>\$ 56,649,330</b>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$ 68,809,714	\$ 83,569,663	\$ 88,782,402	\$ 94,199,989	\$ 115,190,755	\$ 97,942,267
Restricted	11,669,193	13,674,711	14,064,203	14,902,644	14,818,231	17,408,920
Unrestricted	21,892,384	26,050,998	30,689,264	31,976,716	20,087,710	43,037,800
<b>Total primary government net assets</b>	<b>\$ 102,371,291</b>	<b>\$ 123,295,372</b>	<b>\$ 133,535,869</b>	<b>\$ 141,079,349</b>	<b>\$ 150,096,696</b>	<b>\$ 158,388,987</b>

**Source:** Comprehensive Annual Financial Reports

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

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

	<b>Fiscal Year</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Expenses</b>						
Governmental activities:						
General government	\$ 2,515,865	\$ 2,861,449	\$ 3,153,688	\$ 3,342,833	\$ 5,203,328	\$ 5,756,996
Public safety	10,577,885	11,880,117	12,999,503	14,416,779	16,316,237	18,659,224
Public works	3,574,851	4,086,977	4,435,725	5,327,141	10,562,982	7,647,548
Community services	3,407,348	3,703,480	5,260,655	5,001,181	6,445,556	6,729,210
Interest and fiscal charges	3,824,501	4,483,122	4,762,520	5,626,999	1,558,616	6,790,548
Total governmental activities expenses	<u>23,900,450</u>	<u>27,015,145</u>	<u>30,612,091</u>	<u>33,714,933</u>	<u>40,086,719</u>	<u>45,583,526</u>
Business-type activities:						
Water and sewer	\$ 10,413,546	\$ 10,569,940	\$ 11,845,403	\$ 14,241,632	\$ 13,300,772	\$ 13,375,271
Total business-type activities expenses	<u>10,413,546</u>	<u>10,569,940</u>	<u>11,845,403</u>	<u>14,241,632</u>	<u>13,300,772</u>	<u>13,375,271</u>
Total primary government expenses	<u><u>\$ 34,313,996</u></u>	<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>	<u><u>\$ 58,958,797</u></u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services						
General government	\$ 149,021	\$ 126,522	\$ 162,673	\$ 103,001	\$ 113,291	\$ 332,038
Public Safety	1,740,944	2,334,497	1,790,029	2,154,760	2,897,331	3,327,518
Public Works	186,904	176,418	790,361	829,336	1,934,164	650,794
Community Services	186,299	186,588	644,974	711,285	2,313,069	2,527,758
Operating grants/contributions	124,233	1,322,325	1,248,877	2,032,509	2,152,679	1,999,182
Capital grants/contributions	4,191,752	11,961,220	5,414,719	2,768,766	5,991,124	5,580,070
Total governmental activities program revenues	<u>6,579,153</u>	<u>16,107,570</u>	<u>10,051,633</u>	<u>8,599,657</u>	<u>15,401,658</u>	<u>14,417,360</u>
Business-type activities:						
Charges for services	\$ 11,987,948	\$ 12,285,016	\$ 13,717,346	\$ 14,705,546	\$ 12,900,524	\$ 14,544,318
Capital grants/contributions	1,653,923	7,140,300	3,659,464	2,000,399	2,635,385	3,629,474
Total business-type activities program revenues	<u>13,641,871</u>	<u>19,425,316</u>	<u>17,376,810</u>	<u>16,705,945</u>	<u>15,535,909</u>	<u>18,173,792</u>
Total primary government program revenues	<u><u>\$ 20,221,024</u></u>	<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>	<u><u>\$ 32,591,152</u></u>
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ (17,321,297)	\$ (10,907,575)	\$ (20,560,458)	\$ (25,115,276)	\$ (24,685,061)	\$ (31,166,166)
Business-type activities	3,228,325	8,855,376	5,531,407	2,464,313	2,235,137	4,798,521
Total primary government net expense	<u><u>\$ (14,092,972)</u></u>	<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>	<u><u>\$ (26,367,645)</u></u>

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

(Continued)

**TABLE 2**

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Sales and use taxes	\$ 3,507,984	\$ 4,361,360	\$ 5,111,654	\$ 5,754,164	\$ 5,875,808	\$ 6,134,991
Property taxes	12,083,805	13,811,984	14,645,716	17,110,700	17,479,146	19,669,385
Hotel/motel taxes	50,642	42,923	54,727	45,696	53,388	61,571
Franchise fees	2,446,860	2,461,315	2,662,995	3,111,696	3,005,690	3,060,567
Investment earnings	746,607	1,616,406	1,908,517	3,010,643	3,620,069	4,450,569
Gain on disposal of property						49,355
Miscellaneous	363,914	562,003	502,044	463,963	563,171	637,111
Transfers	1,803,000	1,800,000	1,800,000	1,800,000	1,801,000	1,802,000
Total governmental activities	<u>21,002,812</u>	<u>24,655,991</u>	<u>26,685,653</u>	<u>31,296,862</u>	<u>32,447,627</u>	<u>35,816,194</u>
Business-type activities:						
Investment earnings	\$ 148,640	\$ 119,255	\$ 340,448	\$ 646,285	\$ 767,361	\$ 604,215
Gain/loss of disposal of property	(96,106)	-	-	-	-	-
Miscellaneous	12,758	1,034	43,447	51,296	53,283	41,527
Transfers	(1,803,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,801,000)	(1,802,000)
Total business-type activates	<u>(1,737,708)</u>	<u>(1,679,711)</u>	<u>(1,416,105)</u>	<u>(1,102,419)</u>	<u>(980,356)</u>	<u>(1,156,258)</u>
Total primary government	<u>\$ 19,265,104</u>	<u>\$ 22,976,280</u>	<u>\$ 25,269,548</u>	<u>\$ 30,194,443</u>	<u>\$ 31,467,271</u>	<u>\$ 34,659,936</u>
<b>Change in Net Assets</b>						
Governmental activities	\$ 3,681,515	\$ 13,748,416	\$ 6,125,195	\$ 6,181,586	\$ 7,762,566	\$ 4,650,028
Business-type activities	1,490,617	7,175,665	4,115,302	1,361,894	1,254,781	3,642,263
Total primary government	<u>\$ 5,172,132</u>	<u>\$ 20,924,081</u>	<u>\$ 10,240,497</u>	<u>\$ 7,543,480</u>	<u>\$ 9,017,347</u>	<u>\$ 8,292,291</u>

(Concluded)

**Source:** Comprehensive Annual Financial Reports

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

**TABLE 3**

	<b>Fiscal Year</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Fund</b>						
Reserved for:						
Prepaid and inventory	\$ 48,196	\$ 43,848	\$ 41,007	\$ 57,474	\$ 71,522	\$ 83,311
Animal shelter	124,303	133,591	143,824	182,641	220,146	220,354
Unreserved	<u>5,070,726</u>	<u>6,420,714</u>	<u>6,830,872</u>	<u>8,442,986</u>	<u>9,116,524</u>	<u>7,598,987</u>
<b>Total General Fund</b>	<b><u>\$ 5,243,225</u></b>	<b><u>\$ 6,598,153</u></b>	<b><u>\$ 7,015,703</u></b>	<b><u>\$ 8,683,101</u></b>	<b><u>\$ 9,408,192</u></b>	<b><u>\$ 7,902,652</u></b>
<b>All Other Governmental Funds</b>						
Reserved for:						
Prepaid and inventory	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -
Construction	34,264,902	32,629,193	41,967,190	49,423,384	33,971,758	37,291,828
Debt service	585,939	741,070	839,312	1,194,722	1,398,426	1,315,616
Unreserved - designated for Joe Pool Fund	<u>11,424,773</u>	<u>14,378,961</u>	<u>16,913,557</u>	<u>19,072,590</u>	<u>21,662,048</u>	<u>25,815,003</u>
Unreserved, reported in:						
Special revenue funds	269,280	298,795	298,688	641,947	1,139,312	1,399,190
<b>Total all other governmental funds</b>	<b><u>\$ 46,544,894</u></b>	<b><u>\$ 48,048,019</u></b>	<b><u>\$ 60,019,247</u></b>	<b><u>\$ 70,332,643</u></b>	<b><u>\$ 58,171,544</u></b>	<b><u>\$ 65,821,637</u></b>

**Source:** Comprehensive Annual Financial Reports

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

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

**TABLE 4**

	<b>Fiscal Year</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Revenues</b>						
Taxes	\$ 15,561,416	\$ 18,014,837	\$ 19,919,458	\$ 22,378,271	\$ 23,829,019	\$ 26,005,485
Franchise taxes	2,396,624	2,478,655	2,662,995	2,997,796	2,980,459	3,060,567
Licenses and permits	452,412	677,840	458,259	587,068	585,160	579,360
Intergovernmental	124,233	1,322,325	1,159,098	2,011,965	4,193,422	2,154,882
Charges for services	1,362,796	1,590,391	1,557,345	1,615,564	3,235,695	3,643,269
Fines and forfeits	447,378	549,564	625,869	838,643	1,218,428	1,367,603
Investment earnings	746,607	1,615,885	1,899,237	2,978,760	4,192,754	4,200,813
Miscellaneous	1,809,995	1,888,815	1,359,603	1,306,190	2,578,672	1,626,613
Total revenues	<u>22,901,461</u>	<u>28,138,312</u>	<u>29,641,864</u>	<u>34,714,257</u>	<u>42,813,609</u>	<u>42,638,592</u>
<b>Expenditures</b>						
General government	2,619,919	2,785,464	3,170,322	3,343,901	5,222,497	5,588,631
Public works	1,336,931	1,613,490	1,737,528	2,217,903	4,838,109	4,301,021
Public safety	10,722,736	11,636,090	13,248,596	14,186,480	16,093,979	18,452,134
Community services	3,029,756	3,233,975	4,564,884	4,140,753	5,702,847	5,835,435
Supplies	-	16,721	-	-	-	-
Contractual services	4,210	168,599	-	-	-	-
Principal retirement	2,035,000	2,150,000	2,330,000	2,810,000	2,935,000	3,860,000
Interest and fiscal agent charges	1,274,392	2,049,840	2,029,396	2,432,796	3,487,728	3,582,146
Issuance costs	424,457	-	460,719	-	-	-
Capital outlay	6,149,210	12,059,135	4,041,267	12,321,192	20,070,457	16,560,057
Total expenditures	<u>27,596,611</u>	<u>35,713,314</u>	<u>31,582,712</u>	<u>41,453,025</u>	<u>58,350,617</u>	<u>58,179,424</u>
<b>Excess of revenues under expenditures</b>	<b>(4,695,150)</b>	<b>(7,575,002)</b>	<b>(1,940,848)</b>	<b>(6,738,768)</b>	<b>(15,537,008)</b>	<b>(15,540,832)</b>
<b>Other Financing Sources (Uses)</b>						
Transfer in	2,701,481	2,312,839	2,250,004	13,359,614	2,463,060	2,347,581
Transfer out	(898,481)	(512,839)	(450,004)	(11,559,614)	(662,060)	(545,581)
Premium on issuance of debt	24,215	-	335,810	329,562	-	353,385
Issuance of debt	18,340,000	8,633,055	12,200,000	16,590,000	2,300,000	19,530,000
Refunding bonds issued	2,308,121	-	8,550,000	-	-	-
Payment to refunding bond escrow agent	(2,265,000)	-	(8,556,184)	-	-	-
Total other financing sources (uses)	<u>20,210,336</u>	<u>10,433,055</u>	<u>14,329,626</u>	<u>18,719,562</u>	<u>4,101,000</u>	<u>21,685,385</u>
<b>Net change in fund balance</b>	<b>\$ 15,515,186</b>	<b>\$ 2,858,053</b>	<b>\$ 12,388,778</b>	<b>\$ 11,980,794</b>	<b>\$ (11,436,008)</b>	<b>\$ 6,144,553</b>
Debt service as a percentage of noncapital expenditures	17.4%	17.8%	17.5%	18.0%	16.8%	17.9%

**Source:** Comprehensive Annual Financial Reports

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

**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>
1999	n/a	n/a	n/a	\$ 1,042,085,316	0.64269
2000	n/a	n/a	n/a	1,196,392,507	0.64269
2001	n/a	n/a	n/a	1,349,577,303	0.64269
2002	n/a	n/a	n/a	1,609,694,600	0.64140
2003	n/a	n/a	n/a	1,856,116,931	0.64140
2004	n/a	n/a	n/a	2,093,768,922	0.64140
2005	n/a	n/a	n/a	2,274,016,988	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

**Source:** Cedar Hill Tax Office, Dallas Central Appraisal District

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



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

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Fiscal Year Ended <u>September 30,</u>	City Direct Rates				Cedar Hill I.S.D.	Dallas County Community College District	Dallas County Hospital District
	Basic Rate	General Obligation Debt Service	Total Direct				
1999	\$ 0.49078	\$ 0.15191	\$ 0.64269	\$ 1.77900	\$ 0.05000	\$ 0.17990	
2000	0.49078	0.15191	0.64269	1.63000	0.05000	0.19600	
2001	0.49078	0.15191	0.64269	1.63000	0.05000	0.25400	
2002	0.48949	0.15191	0.64140	1.63000	0.06000	0.25400	
2003	0.48949	0.15191	0.64140	1.68000	0.06000	0.25400	
2004	0.48949	0.15191	0.64140	1.70160	0.07780	0.25400	
2005	0.47949	0.16191	0.64140	1.74130	0.08030	0.25400	
2006	0.46949	0.17191	0.64140	1.84843	0.08160	0.25400	
2007	0.46949	0.17191	0.64140	1.74330	0.08100	0.25400	
2008	0.45949	0.18191	0.64140	1.40000	0.08040	0.25400	

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

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

**TABLE 6**

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<b>Dallas County</b>	<b>County School Equalization</b>	<b>Duncanville I.S.D.</b>	<b>Ellis County</b>	<b>Midlothian I.S.D.</b>
\$ 0.19720	\$ 0.00597	\$ 1.68000	\$ 0.25314	\$ 1.65990
0.19600	0.00570	1.64000	0.28374	1.70970
0.19600	0.00567	1.68000	0.29719	1.72000
0.19600	0.00552	1.67000	0.30202	1.72000
0.19600	0.00550	1.75000	0.31017	1.72000
0.20390	0.00546	1.85500	0.31464	1.72000
0.20390	0.00546	1.83600	0.31599	1.76450
0.21390	0.00530	1.86600	0.31891	1.78750
0.21390	0.00503	1.73600	0.32049	1.69750
0.22810	0.00471	0.14180	0.39361	1.36750

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

**TABLE 7**

Taxpayer	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value <sup>a</sup>	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value <sup>b</sup>
KRG Cedar Hill Plaza, LP	\$ 45,800,000	1	1.52%	\$ -	-	-
Inland Western Cedar Hill	36,654,800	2	1.22%	-	-	-
Uptown Village at Cedar Hill	33,866,450	3	1.13%	-	-	-
Texas Utilities/Oncor Electric	30,278,860	4	1.01%	-	-	-
J C Penney Company	32,608,500	5	1.09%	-	-	-
Wal-Mart Stores	21,559,160	6	0.72%	-	-	-
Target Corporation	17,869,680	7	0.59%	-	-	-
TSCA 202 LTD Partnership	17,090,460	8	0.57%	4,225,670	8	0.41%
RPI Cedar Hill LTD	16,500,000	9	0.55%	8,012,000	5	0.77%
EE Cedar Hill Crossing LP	15,843,290	10	0.53%	-	-	-
Texas Utilities Electric	-			16,455,280	1	1.58%
Bob Ladd/Texwood Ind	-			8,760,749	2	0.84%
Devon Realty/Wilson Crossing Apartments	-			8,619,240	3	0.83%
Southwestern Bell	-			8,571,630	4	0.82%
Lin Television of Texas LP	-			5,614,440	6	0.54%
Miller Transmission Tower	-			5,013,800	7	0.48%
Knudson Housing Partners	-			4,098,840	9	0.39%
Concrete Pipe & Products	-			3,896,470	10	0.37%
Total	<u>\$ 268,071,200</u>		<u>8.92%</u>	<u>\$ 73,268,119</u>		<u>7.03%</u>

**Source:** Dallas Central Appraisal District

**Note:**

<sup>a</sup> Total taxable value including real and personal property for tax year 2007 (fiscal year 2008) is \$3,003,960,555.

<sup>b</sup> Total taxable value including real and personal property for tax year 1998 (fiscal year 1999) is \$1,042,085,316.

**CITY OF CEDAR HILL, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST FOUR 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 (adjustments) 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	14,126,697	96.85%	376,129	14,502,826	99.43%
2006	16,187,900	15,727,850	97.16%	349,904	16,077,754	99.32%
2007	17,583,771	17,284,039	98.30%	(231,606)	17,052,433	96.98%
2008	19,267,403	18,905,140	98.12%	-	18,905,140	98.12%

**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		Percentage of Actual Taxable		
	General Obligation Bonds	Certificate of Obligation Bonds	Other Obligations	Tax Notes	Waterworks & Sewer System Revenue Bonds	Total Primary Government	Value of Property <sup>a</sup>	Per Capita <sup>a</sup>	
1999	10,835,000	1,050,000	35,369,444	340,000	4,810,000	52,404,444	5.03%	1,747	
2000	17,115,000	3,520,000	37,379,490	175,000	6,930,000	65,119,490	5.45%	2,104	
2001	15,970,000	3,485,000	39,503,776		6,270,000	65,228,776	4.85%	2,032	
2002	23,705,000	3,375,000	41,748,765		5,570,000	74,398,765	4.62%	2,070	
2003	28,350,000	15,045,000	44,121,348		5,140,000	92,656,348	4.99%	2,439	
2004	35,155,000	14,590,000	46,628,764		7,620,000	103,993,764	4.97%	2,613	
2005	48,555,000	11,555,000	49,278,677		6,935,000	116,323,677	5.12%	2,790	
2006	49,955,000	23,935,000	52,079,184		9,265,000	135,234,184	5.36%	3,134	
2007	49,845,000	23,410,000	50,277,438		8,485,000	132,017,438	4.79%	3,004	
2008	55,660,000	33,265,000	53,134,705		10,695,000	152,754,705	5.09%	3,402	

**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 Schedule 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>			<b>Property<sup>a</sup></b>	<b>Per Capita<sup>b</sup></b>	
1999	\$ 10,835,000	\$ 1,050,000	\$ 331,004	\$ 11,553,996	1.11%	\$ 385	
2000	17,115,000	3,520,000	581,481	20,053,519	1.68%	648	
2001	15,970,000	3,485,000	485,413	18,969,587	1.41%	591	
2002	23,705,000	3,375,000	458,990	26,621,010	1.65%	741	
2003	28,350,000	15,045,000	585,939	42,809,061	2.31%	1,127	
2004	35,155,000	14,590,000	741,070	49,003,930	2.34%	1,231	
2005	48,555,000	11,555,000	839,312	59,270,688	2.61%	1,421	
2006	49,955,000	23,935,000	1,194,722	72,695,278	2.88%	1,685	
2007	49,845,000	23,410,000	1,398,426	71,856,574	2.61%	1,635	
2008	55,660,000	33,265,000	1,315,616	87,609,384	2.92%	1,951	

**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, 2008  
(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	\$ 111,947,710	97.76%	\$ 109,440,081
Dallas County	158,486,552	1.83%	2,900,304
Dallas County Community College District	86,210,000	1.83%	1,577,643
Dallas County Hospital District	-	1.83%	-
DeSoto Independent School District	154,400,389	0.44%	679,362
Duncanville Independent School District	175,690,334	0.46%	808,176
Ellis County	68,416,262	0.81%	554,172
Midlothian Independent School District	169,159,131	2.46%	<u>4,161,315</u>
Subtotal, overlapping debt			\$ 120,121,053
<b>City of Cedar Hill (direct debt)</b>	<b>88,925,000</b>	<b>100.00%</b>	<b><u>\$ 88,925,000</u></b>
<b>Total direct and overlapping debt</b>			<b><u>\$ 209,046,053</u></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, 2008  
(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, 2007 is \$0.6414 per \$100 of assessed valuation at 100% of market value. The tax rate is 25.66% of the legal limit.

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

**TABLE 13**

Fiscal Year	Gross Revenues (1)	Less: Operating Expenses (2)	Net Available Revenue	Average Debt Service (3)	Coverage	Designated Funds (4)	Net Revenue Less Designated Funds	Adjusted Coverage (5)
1999	9,578,060	6,948,099	2,629,961	315,025	8.35%	1,000,000	1,629,961	5.17%
2000	10,850,463	7,465,001	3,385,462	520,378	6.51%	1,200,000	2,185,462	4.20%
2001	11,309,782	8,219,395	3,090,387	491,981	6.28%	1,400,000	1,690,387	3.44%
2002	11,621,806	8,484,002	3,137,804	459,842	6.82%	1,600,000	1,537,804	3.34%
2003	11,981,179	9,000,360	2,980,819	433,528	6.88%	1,800,000	1,180,819	2.72%
2004	12,223,560	9,141,932	3,081,628	530,448	5.81%	1,800,000	1,281,628	2.42%
2005	13,712,548	10,138,935	3,573,613	507,592	7.04%	1,800,000	1,773,613	3.49%
2006	14,697,400	10,548,414	4,148,986	661,973	6.27%	1,800,000	2,348,986	3.55%
2007	12,848,486	10,722,181	2,126,305	633,821	3.35%	1,800,000	326,305	0.51%
2008	14,760,323	11,238,220	3,522,103	804,647	4.38%	1,800,000	1,722,103	2.14%

**Source:** Comprehensive Annual Financial Report

(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.

(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.

(4) Designated funds are revenues included in net revenues that the City Council of the City of Cedar Hill has transferred to the Joe Pool Fund.

(5) The adjusted coverage is the coverage computed using net revenue available for coverage less designated funds to provide coverage for the City's water and sewer bonds.

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

**TABLE 14**

Year	Estimated Population <sup>a</sup>	Population <sup>b</sup>	Dallas County		Dallas County		Per Dallas County		Cedar Hill I.S.D. Enrollment <sup>d</sup>	Unemployment Rate <sup>e</sup>
			Personal Income (thousands) <sup>b</sup>	Per Capita Personal Income <sup>b</sup>	Median Age <sup>c</sup>	Per				
1999	30,000	\$ 2,197,658	\$ 71,648,038	\$ 32,602	n/a		6,218	3.5% *		
2000	30,950	2,225,997	80,217,322	36,037	33		6,503	2.0%		
2001	32,093	2,264,705	82,271,558	36,328	n/a		6,974	3.7%		
2002	35,944	2,276,148	82,983,080	36,458	n/a		7,333	4.1%		
2003	37,984	2,280,417	84,278,228	36,957	n/a		7,532	4.4%		
2004	39,800	2,287,959	89,691,553	39,202	n/a		7,695	3.7%		
2005	41,700	2,303,568	95,652,470	41,524	n/a		8,023	5.4%		
2006	43,150	2,337,956	101,746,870	43,520	n/a		7,843	4.9%		
2007	43,950	n/a	n/a	n/a	n/a		7,871	4.7%		
2008	44,900	n/a	n/a	n/a	n/a		8,110	6.0%		

**Sources:**

<sup>a</sup> Fiscal year 2000 is U.S. Census figure; all others are estimates provided by the North Central Texas Council of Governments.

<sup>b</sup> Provided by the Bureau of Economic Analysis, for the State of Texas, Dallas County. Most recent year available is 2006.

<sup>c</sup> Median age is U.S. Census figure; only available for year of most recent census.

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

<sup>e</sup> Texas Workforce Commission, September. \*Prior to 2000, the rate is for Dallas County.

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

**TABLE 15**

<b>Employer</b>	<b>2008</b>			<b>1999</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>
Masco / Texwood Industries	700	1	2.94%			
JCPenney, Distribution Center	550	2	2.31%	320	1	2.50%
Wal-Mart Supercenter	450	3	1.89%			
Super Target	230	4	0.97%			
DMI Corporation	200	5	0.84%	100	6	0.78%
Sampco Supply	150	6	0.63%			
Western Cabinets	135	7	0.57%	85	8	0.66%
JCPenney, Department Store	130	8	0.55%			
Trinity School	130	9	0.55%	130	3	1.02%
Pegasus Transportation	125	10	0.52%			
Kroger's	-			198	2	1.55%
K Mart	-			115	4	0.90%
Minyard's	-			114	5	0.89%
Gifford - Hill	-			100	7	0.78%
Northwood University	-			75	9	0.59%
Industrial Thermoform	-			65	10	0.51%
Total	<b>2,800</b>		<b>11.75%</b>	<b>1,302</b>		<b>10.19%</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>	<b>Full-time Equivalent Employees as of September 30</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General Government:										
Administration	6.20	5.70	7.00	7.00	8.00	8.00	8.00	8.00	9.50	9.50
Human Resources	1.30	1.30	2.94	3.00	3.00	3.00	3.00	3.00	3.75	4.00
Information Technology	-	-	-	-	1.00	2.00	2.00	3.00	3.00	4.00
Tax	2.47	2.47	2.65	2.65	2.65	2.65	2.65	2.65	-	-
Finance	4.25	4.00	5.00	6.00	6.00	6.50	6.50	6.50	6.75	6.75
Economic Development	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Non-Departmental	-	-	-	1.00	1.50	1.50	1.50	1.50	1.77	1.50
Public Works:										
Streets & Drainage	12.66	12.00	9.00	9.00	10.00	11.00	13.00	13.33	12.25	15.33
Fleet Maintenance	3.16	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Water & Sewer	20.87	24.94	28.44	30.44	30.44	32.96	35.96	36.96	39.15	41.65
Public Safety:										
Police	48.60	47.80	55.80	55.80	58.80	61.80	67.80	73.80	81.20	83.00
Police (Community Services)	6.00	6.00	6.00	6.00	5.00	5.00	-	-	-	-
Animal Control	1.64	1.69	1.69	1.69	1.69	1.69	2.00	2.00	2.00	2.00
Fire	36.00	40.00	43.00	43.00	49.00	51.00	54.00	58.00	63.00	65.00
Municipal Court	2.40	2.53	3.00	3.00	3.70	3.70	5.00	5.00	6.80	6.80
Code Enforcement	5.00	6.00	7.00	7.00	8.00	8.00	8.00	9.00	9.00	9.00
Animal Shelter	5.70	6.98	7.98	8.48	8.50	8.66	8.66	8.66	7.66	9.63
Community Services:										
Parks	15.00	15.02	19.03	19.03	18.63	21.64	24.66	24.66	22.35	22.35
Community Development	0.52	5.03	7.23	6.23	6.23	5.98	5.98	5.23	4.64	5.89
Recreation	8.11	8.21	9.21	9.21	9.71	9.71	9.71	9.71	9.98	9.98
Recreation Center	-	-	-	-	-	14.50	17.96	17.96	22.00	21.00
Library	9.06	9.62	9.62	9.62	9.62	9.62	9.62	10.27	11.49	11.48
Planning	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.75	4.00
Neighborhood Services	-	-	-	-	-	0.25	0.25	1.00	1.00	1.00
Total City Employees:	<u>192.94</u>	<u>207.29</u>	<u>232.59</u>	<u>236.15</u>	<u>249.47</u>	<u>278.16</u>	<u>295.25</u>	<u>309.23</u>	<u>328.04</u>	<u>339.86</u>

**Source:** Annual Budgets

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

The Information Technology department was not created until 2003.

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

The Non-departmental position was not created until 2002.

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

The Police (Community Services) were the School Resource Officers. The Cedar Hill ISD has taken over this function.

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

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

The Neighborhood Services department was created in 2004.

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

**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>1999</u>	<u>2000</u>	<u>2001</u>
General Government:			
Information Technology			
Installed Employee Desktop Computer Systems	-	-	-
Onsite Problem Calls	-	-	-
Vendor visits/Product Evaluations	-	-	-
Public Works:			
Streets & Drainage			
Number of street lights	1,486	1,667	1,787
Water & Sewer			
Number of water consumers	10,329	10,849	11,813
Average daily water consumption (millions of gallons)	5.3	6.3	6.2
Maximum storage capacity (millions of gallons)	13.2	13.2	18.0
Number of sewer connections	9,046	9,553	12,103
Public Safety:			
Police			
Index crimes, by calendar year	922	1,090	1,348
Index crime rate per 100,000, by calendar year	3,217.6	3,546.8	4,107.1
Percent index crimes cleared, by calendar year	30%	14%	14%
Number of reserve police officers	13.00	13.00	11.00
Fire			
Calls for service - Fire & EMS	N/D	3,172	3,617
Municipal Court			
Number of cases filed	5,744	7,199	6,994
Number of cases closed	3,737	5,351	5,156
Number of cases appealed	182	262	299
Number of warrants issued	725	39	386
Code Enforcement			
Building permits issued	687	1,115	1,080
Total dollar value of permits issued	80,661,765	169,946,298	146,127,295
Animal Shelter			
Number of incoming animals	4,914	4,438	4,286
Number of lost pets returned to owners	929	850	784
Number of animals adopted out	911	686	701
Number of animals euthanized	2,595	2,372	2,056
Number of animals transferred or rescued	434	392	743

**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>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	
-	55	85	25	60	51	230	
-	100	300	500	700	675	1,500	
-	60	100	150	200	200	500	
1,875	1,950	1,983	2,053	2,355	2,555	2,659	
12,493	12,909	13,726	14,680	14,786	14,786	14,791	
6.2	6.2	6.2	5.9	8.3	7.2	8.2	
18.0	18.0	18.0	18.0	18.0	18.0	18.0	
11,037	11,494	12,103	12,574	12,922	12,922	13,550	
1,401	1,382	1,470	1,550	1,553	1,439	n/a	
4,179.5	3,651.4	3,682.5	3,791.5	3,631.9	3,224.4	n/a	
11%	23%	17%	21%	23%	23%	n/a	
9.00	14.00	6.00	6.00	4.00	4.00	4.00	
3,972	3,303	4,695	4,698	5,042	6,211	5,022	
4,913	6,447	7,418	6,934	8,210	8,762	7,552	
4,152	5,599	6,224	6,098	7,008	8,369	5,995	
290	277	368	222	268	322	282	
2,949	3,353	3,013	2,407	3,893	2,441	3,953	
1,031	821	1,102	778	828	612	578	
132,258,770	114,271,071	195,918,323	104,469,980	159,250,091	172,408,265	83,105,685	
4,543	4,685	4,474	4,689	4,709	5,777	5,243	
786	822	797	720	758	869	811	
812	886	897	826	811	756	758	
2,170	2,434	2,390	2,382	2,526	3,122	3,068	
655	563	526	631	522	641	524	

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

**TABLE 18**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Public Works:										
Streets & Drainage										
Paved streets (miles)	183	178	178	205	197	205	230	210	258	320
Graded streets (miles)	4	2	2	2	2	3	3	0	0	1
Paved alleys (miles)	35	35	35	38	40	41	41	41	41	42
Storm sewers (miles)	36	37	38	90	100	107	107	107	107	133
Water & Sewer										
Water mains (miles)	187	190	216	230	239	247	247	268	270	318
Storage capacity (millions of gallons)	13	13	18	18	18	18	18	18	18	18
Sanitary sewers (miles)	170	190	185	190	193	200	201	225	225	245
Public Safety:										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Animal Shelter										
Buildings	1	1	1	1	1	1	1	1	1	1
Community Services:										
Parks										
Acreage	453	467	494	507	507	596	596	596	667	686
Municipal swimming pools	1	1	1	1	1	1	1	1	1	1
Lighted tennis courts	2	2	2	2	2	2	2	2	2	2
Lighted ball diamonds	16	16	16	16	16	18	18		19	23
Community/Senior Center	1	1	1	1	1	1	1	1	1	1
Recreation Center	0	0	0	0	0	0	1	1	1	1
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1

**Sources:** City Departments