



Comprehensive Annual Financial Report



For the Year Ended September 30, 2016
City of Cedar Hill, Texas

CITY OF CEDAR HILL, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2016

Prepared by the
CITY OF CEDAR HILL
FINANCE DEPARTMENT

Alan Dickerson, Finance Director
Latifia Coleman, Accounting Manager

CITY COUNCIL

Robert K. Franke, Mayor

Chris Parvin, Council Member
Jami McCain, Council Member
Wallace Swayze, Council Member

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

CITY MANAGER

Greg Porter



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**City of Cedar Hill
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2016**

TABLE OF CONTENTS

	Exhibit	Page
I. INTRODUCTORY SECTION (Unaudited)		
Transmittal Letter	i	
Certificate of Achievement	vi	
Organizational Chart	vii	
List of Principal Officials	viii	
II. FINANCIAL SECTION		
Independent Auditor's Report	1	
A. MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)		4
B. BASIC FINANCIAL STATEMENTS:		
Government-Wide Financial Statements:		
Statement of Net Position	A-1	16
Statement of Activities	A-2	17
Fund Financial Statements:		
Governmental Fund Financial Statements		
Balance Sheet	B-1	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	B-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	B-3	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	B-4	24
Proprietary Fund Financial Statements		
Statement of Net Position	C-1	25
Statement of Revenues, Expenses, and Changes in Fund Net Position	C-2	27
Statement of Cash Flows	C-3	28
Fiduciary Fund Financial Statements		
Statement of Fiduciary Net Position	D-1	30
Statement of Changes in Fiduciary Fund Net Position	D-2	31
Notes to the Basic Financial Statements		32
C. REQUIRED SUPPLEMENTARY INFORMATION (Unaudited):		
Schedule of Changes in Net Pension Liability and Related Ratios (Last 10 Years) - TMRS Plan	E-1	71
Schedule of Contributions - TMRS Plan	E-2	72
Schedule of Cedar Hill Employees Other Post Employment Benefits Plan Analysis of Funding Progress	E-3	73
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund	E-4	74
Joe Pool Fund	E-5	75
Notes to Required Supplementary Information		76

City of Cedar Hill
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2016

TABLE OF CONTENTS (Continued)

	Exhibit	Page
D. COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	F-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	81
Budgetary Comparison Schedules:		
Budgetary Comparison Schedule - Debt Service Fund	G-1	85
Budgetary Comparison Schedule - Police Forfeiture Special Revenue Fund	G-2	86
Budgetary Comparison Schedule - Hotel Occupancy Special Revenue Fund	G-3	87
Budgetary Comparison Schedule - Library Special Revenue Fund	G-4	88
Budgetary Comparison Schedule - High Pointe Public Improvement District Special Revenue Fund	G-5	89
Budgetary Comparison Schedule - Waterford Oaks Public Improvement District Special Revenue Fund	G-6	90
Budgetary Comparison Schedule - Traffic Safety Special Revenue Fund	G-7	91
Budgetary Comparison Schedule - Landscape Beautification Special Revenue Fund	G-8	92
Budgetary Comparison Schedule - Crime Control and Prevention District	G-9	93
E. COMPONENT UNITS FUND FINANCIAL STATEMENTS		
Cedar Hill Community Development Corporation		
Balance Sheet	H-1	94
Reconciliation of the Community Development Corporation Balance Sheet to the Statement of Net Position	H-2	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	H-3	96
Reconciliation of the Community Development Corporation Statement of Net Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	H-4	97
Cedar Hill Economic Development Corporation		
Balance Sheet	H-5	98
Reconciliation of the Economic Development Corporation Balance Sheet to the Statement of Net Position	H-6	99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	H-7	100
Reconciliation of the Economic Development Corporation Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	H-8	101

City of Cedar Hill
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2016

TABLE OF CONTENTS

	Exhibit	Page
III. STATISTICAL SECTION (Unaudited)		Table
Net Position By Component - Last Ten Fiscal Years	1	103
Changes in Net Position - Last Ten Fiscal Years	2	105
Fund Balances, Governmental Funds - Last Ten Fiscal Years	3	109
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	4	111
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	5	113
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	6	114
Principal Property Tax Payers - Current Year and Nine Years Ago	7	116
Property Tax Levies and Collections - Last Nine Fiscal Years	8	117
Ratios of Outstanding Debt By Type - Last Ten Fiscal Years	9	118
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	10	119
Direct and Overlapping Governmental Activities Debt	11	120
Legal Debt Margin Information	12	121
Pledged-Revenue Coverage - Last Ten Fiscal Years	13	122
Demographic and Economic Statistics - Last Ten Fiscal Years	14	123
Principal Employers - Current Year and Nine Years Ago	15	124
Full-Time Equivalent City Government Employees By Function/Program - Last Ten Fiscal Years	16	125
Operating Indicators By Function/Program - Last Ten Fiscal Years	17	126
Capital Asset Statistics By Function/Program - Last Ten Fiscal Years	18	128



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INTRODUCTORY SECTION



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY



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March 27, 2017

To the Honorable Mayor and City Council,
and Citizens of the City of Cedar Hill:

The Finance Department and City Manager's Office are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Hill (the "City") for the fiscal year ended September 30, 2016. State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report fulfills that requirement.

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.

Crowe Horwath, LLP, Certified Public Accountants, have issued an unmodified opinion on the City of Cedar Hill's financial statements for the year ended September 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

City Profile

The City was incorporated in 1938 under the general laws of the State of Texas and is the oldest organized community in Dallas County and became a home-rule city in 1975. The City has grown from a small rural town of 6,850 in 1980 to a suburban city with a population estimate of 48,973 in 2016. Since the 2010 census of 46,300, the City's population has grown by 2,673 or 6%. The median age of those living in the City is 35 years and median household income is \$67,913 while that of the U.S. is \$53,482. The City is nestled twenty minutes southwest of downtown Dallas and is situated along the eastern shore of Joe Pool Lake and Cedar Hill State Park. Its lush, tree-lined rolling hills and wide-open green space allows for hikes, bike rides and other outdoor recreational opportunities. Whether visiting one of the specialty boutiques, national retail stores or enjoying an evening of fine dining, Cedar Hill is a thriving suburb which maintains a small town charm with big city amenities. 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.

Some of the most beautiful and fascinating parks and open space areas in the State of Texas are located in the City including Cedar Hill State Park and the Dogwood Canyon Audubon

Center. Parks and recreation are important to the City and certainly part of its distinctive character. The City maintains 32 park facilities comprising 721 acres. Park facilities include a recreation center, a senior center, softball fields, baseball fields, soccer fields, tennis courts, a municipal swimming pool, football fields, playground equipment, picnic pavilions, basketball courts, amphi-theatre, fishing ponds, paved trails and a nature preserve. The inclusion of neighborhood parks and the preservation of green space will remain a priority as the City expands. Higher education offerings in the City are Northwood University and Strayer University which offers workforce development and continuing education classes. The Cedar Hill Independent School District is focused on providing educational choices for the community through innovative educational opportunities. A wide selection of charters and private schools add to the expansive set of educational choices available to families and new comers to Cedar Hill.

Government Structure: The City operates under a council-manager form of government. Policy-making and legislative authority are vested in the City Council, consisting of a Mayor and six council members. The City Council appoints committees, boards and hires the City Manager, City Attorney and City Judge. The City Manager is responsible for carrying out the policies and implementing the ordinances of the City Council and oversees the day-to-day operations of the government, appoints the directors of the various departments, and prepares an annual budget.

Services Provided: The City provides a full range of municipal services authorized by statute or charter. These services include police protection, fire suppression, emergency medical services, water distribution, wastewater collection, building inspection, street maintenance and repair, code enforcement, park maintenance, full service recreation services and programming, swimming pool operations, library services, planning and economic development and general administrative services. The City maintains contracts for its water supply and wastewater treatment services as well as for solid waste services.

This accompanying CAFR includes all funds of the City including its component units. The City's component units are legally separate entities for which the City is financially accountable. The City's discretely presented component units are: Cedar Hill Economic Development Corporation and the Cedar Hill Community Development Corporation.

Accounting System and Budgetary Control

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.

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP.

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The annual budget serves as the foundation for the City's financial planning and control. The budget is reviewed by City Council in early June and the proposed City Manager's budget is submitted to City Council in early August at which time public input is invited to view. Prior to final adoption a public hearing is conducted on the budget. The City prepares a multi-year capital budget and updates are done annually with Council review.

Budgetary control has been established at the individual fund level. Financial reports are produced electronically showing budget and actual for expenditures and revenues are reviewed by departmental managers and directors on a routine basis. All Departments have access to the City's core financial system for budget management.

Factors Affecting Financial Condition

Local Economy. After the City's economy and growth showed an evident slowdown in 2008, which was parallel with the nationwide economic downturn, there was a much improved economic turnaround that began in 2014 and 2015. Fiscal 2016 proved to reinforce a trend of upward movement of property values and a burst of new construction adding taxable value base as well as sales tax. The City's sales tax began trending upward in 2014 and continued a year-over-year increase to over 6% in fiscal year 2016. While residential permitting is not as strong as it was in the pre-recession era, the City is experiencing commercial retail and restaurant growth. For the year, the City issued 67 residential permits compared to 111 the prior year; and, the City issued 67 commercial-industrial permits compared to 46 the prior year. When residential, industrial and commercial growth is considered, the City's total tax base increased 6% over the 2014 tax roll while the 2016 values increase by 7.1% over the 2015 tax roll. The City's taxable values on the 2015 tax roll were \$3,024,900,000 while the 2016 tax roll is \$3,240,030,312. The City's tax rate remained constant at \$0.69876 per \$100 of taxable value which allowed core services to be maintained at current levels.

Cedar Hill is no exception to the increasingly positive business climate and continuing recovery being experienced throughout the Dallas-Fort Worth metroplex and north Texas as a whole. The City's growth continues at a favorable upward trend in a favorable economic environment for the Cedar Hill region. The City has recently been recognized by the Dallas Business Journal as one of the best places to live in north Texas and as well the Dallas Morning News placed the City in its top 20 places to live.

Cedar Hill is home to many businesses and is known for its diversified local economy. Cedar Hill cornering the market on natural beauty, has championed the phrase, "Where Opportunities Grow Naturally" setting itself apart from other metroplex cities. The natural beauty of the City is well complemented with its strategic central location within the fast growing North Texas metropolitan area. Cedar hill has become the regional high end retail hub with 11 major shopping districts offering over 3,500,000 square feet of retail, restaurants, office and entertainment.

Economic Future. In 2016, the City began focusing on its "City Center" master plan implementation. The City engaged an independent consulting firm to draft and recommend land use development regulations for the City's Midtown and Historic Downtown Districts consistent with the "City Center" master development plan. And, the City initiated its first Tax Increment Financing (TIF) Zone which is named the City Center TIF. The TIF was established to fund infrastructure to encourage developer interests. The City Center which is the location of the "Government Center" is anchored with JC Penney, 24-hour Fitness, Wal-Mart and Cinemark Theater. In addition, the City Center is complimented with Uptown Apartments which opened in

2014 bringing walk-about traffic to the area. For the near future, the City's comprehensive plan is to aggressively seek out developers to continue to make the City Center a vibrant live, play and work destination place complimented with linear park space, restaurants and entertainment venues. The City is expecting retail and commercial growth along Beltline Road through old town Cedar Hill that will be opened up with the completion of the Mansfield Road corridor. The Mansfield Road project which began construction in 2016 is a new gateway to the City making the city's commercial core more accessible to populations in the west regions.

Use of hotel space in the City continues to grow and helps to support the City's tourism initiative. Tourism and the City's Mainstreet project(s) are expected to enhance the City's destination initiative. Meeting and small conference meeting facilities are limited within the City and to meet this growing demand, the City is in the process of working cooperatively with the Cedar Hill EDC and a hotel developer and management group to build and construct a hotel conference center.

Other key initiatives for the immediate future are signage and monument improvements to the main gateways to the City and to 18 park and facility entrances. Two neighborhood parks are being developed to enhance and build community gathering spaces and to provide recreational space for neighborhoods.

Financial Planning and Fiscal Policies: The City's budget reflects the community's priorities and the strategic goals set by the City Council to further the vision of Cedar Hill as a premier city. Additionally, it reflects the City's mission to deliver the highest quality municipal services to its citizens and customers, consistent with its community values. In 2016, the City conducted its first nationally benchmarked citizen survey. The purpose of the survey was to gather resident input and feedback on City programs and services and to help determine long-range planning and investment decisions for the near term and future growth of the City. The top three areas of concern identified in the survey were flow of traffic, enforcement of codes and ordinances and maintenance of city streets, buildings and facilities.

The City uses its master plans to guide its long-term growth and financial planning. Utilizing these plans, the City annually updates a five-year capital improvement plan for streets, utilities and facilities, including the timing and amounts of debt to be issued to fund the 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.

Major Initiatives: The City Council sets its priorities to reflect the community's priorities so as to further the vision of Cedar Hill as a "premier city". The results of the recent citizen survey as stated above facilitated the development of the initiatives for the fiscal year 2017 budget. Some of those initiatives was the implementation of a multi-family ordinance which outlined regulations and licensing requirements for multi-family complexes to protect the health, safety and welfare of residents and neighborhoods. The City initiated an "Adopt Cedar Hill" program to include

parks, trails, streets and rights-of-way whereby residents and businesses were called to action to be part of the preservation and enhancement of the parks system.

As mentioned above the City approved its first Tax Increment Finance District (TIF) for the "City Center" development plan. And of most notable and significant for the present and future of the City was the passage of federal legislation that allowed the City to pay off its long term obligation for its share of water rights to Joe Pool Lake. This action provided Cedar Hill free and clear ownership of its 43% of water rights in Joe Pool Lake. This is further disclosed in the financial notes as a subsequent event.

OTHER INFORMATION

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

Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Hill for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2015. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement program requirements, and are submitting the 2016 CAFR to the GFOA.

Acknowledgements: The preparation of this report could not be accomplished without the efficient and dedicated services of the Finance Department staff. Credit must also be given to the City Council Audit Committee for their oversight, guidance and support. 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 leadership and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

Greg Porter, City Manager

Alan Dickerson, Finance Director



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Cedar Hill
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

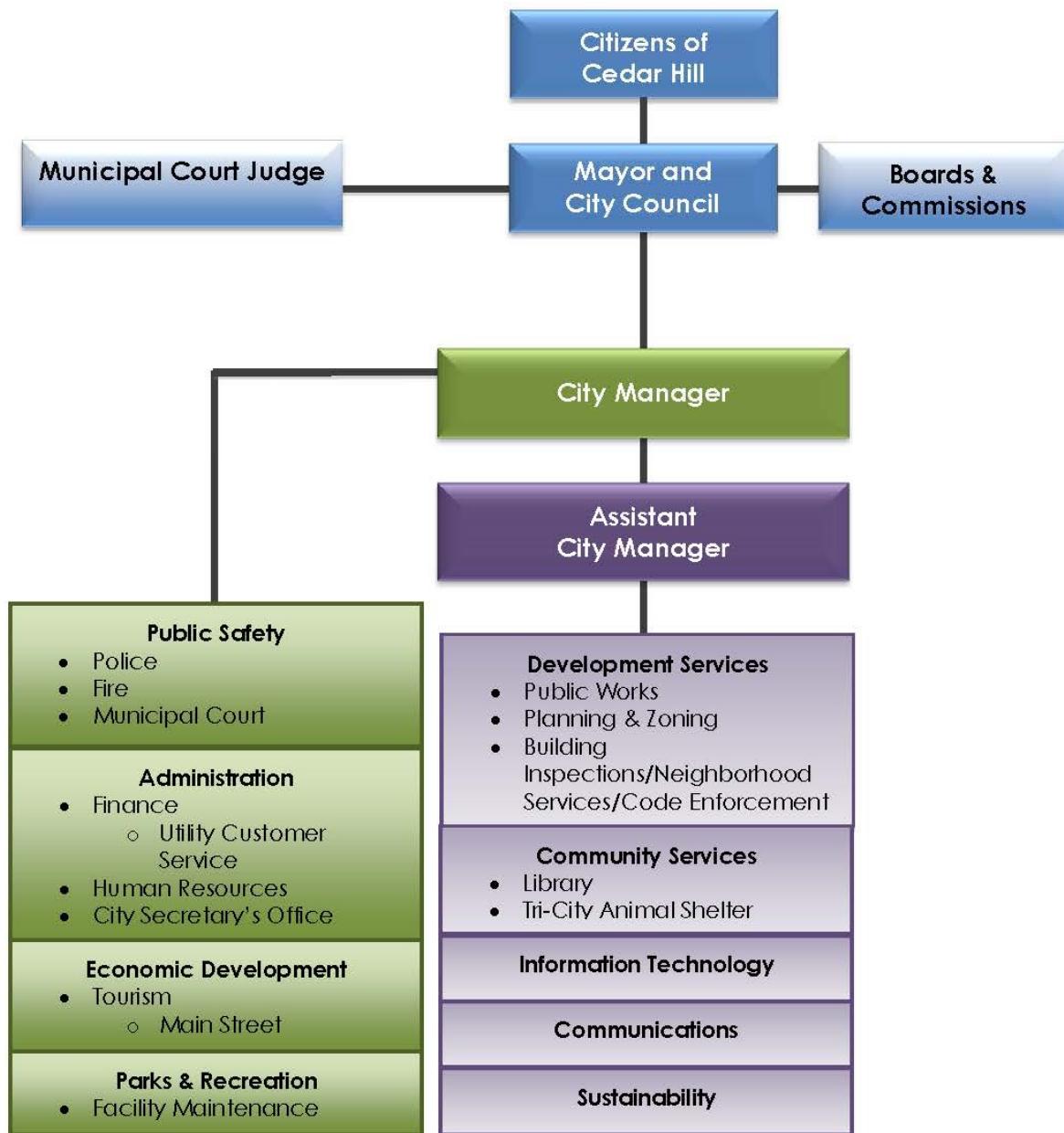
September 30, 2015

A handwritten signature in black ink, appearing to read "Jeffrey R. Evans". The signature is fluid and cursive, with the first name above the last name.

Executive Director/CEO



Organizational Chart



CITY OF CEDAR HILL
List of Principal Officials
at September 30, 2016

Elected Officials

Title	Name
Mayor	Robert K. Franke
Mayor Pro-Tem	Stephen Mason
Councilmember	Daniel C. Haydin Jr.
Councilmember	Wallace Swayze
Councilmember	Jami McCain
Councilmember	Chris Parvin
Councilmember	Clifford R. Shaw

Appointed Officials

City Manager	Greg Porter
Assistant City Manager	Melissa Stephens- Cummings
City Secretary	Belinda Berg
Finance Director	Alan Dickerson
Police Chief	Steve Rhodes
Fire Chief	John Ballard
Economic Development Director	Allison Thompson
Building Official	Johnny Kendro
Library Manager	Toni Simmons
Parks & Recreation Director	Vacant
Planning Director	Rod Tyler
Public Works Director	Elias Sassoon
Information Technology Manager	Earl Shipman
Tri-City Animal Shelter Director	Tammy Miller
Municipal Court Judge	Michael Petty

FINANCIAL SECTION



CEDAR HILL

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill (the "City"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios (Last 10 Years)-TMRS Plan, Schedule of Contributions – TMRS Plan, Schedule of Cedar Hill Employees Other Post Employment Benefit Plan Analysis of Funding Progress, Schedules of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund and Joe Pool Fund* on pages 4 – 15, 71, 72, 73, 74 and 75 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Dallas, Texas
March 27, 2017



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CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

The City of Cedar Hill offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the introductory section and the financial reports that follow in this section.

FINANCIAL HIGHLIGHTS

- The unassigned portion of the General Fund fund balance at the end of the year was \$8,771,503 or 27.1% of total General Fund expenditures. This includes the 25% of General Fund expenditures which is required to be held in General Fund fund balance per the City Council approved Financial Management Policies. That amount is \$7,915,768. The remainder represents funds which may be used for one-time expenditures or unforeseen needs which the Council allocates for a specific purpose.
- The assets of the City and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$147,839,780 (net position). Of this amount, \$9,386,946 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. Included in the unrestricted portion of net position are monies from all the City's various funds which are not either committed to or restricted for other purposes.
- The City's total net position has decreased by \$2,396,651 during the year. While the net position of governmental activities increased by \$45,723, the same decreased for business-type activities by \$2,442,374. This decrease was the result of a decrease in charges for services from the prior year and an increase in operating expenses due to the water and sewer volumetric costs from the City's providers.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$91,956,211, a decrease of \$3,279,667 from prior year. \$58,689,221 is committed for the retirement of the City's Joe Pool Lake contract liability and \$17,612,849 is restricted for infrastructure, facility improvements or other capital-debt related projects.
- Total bonded debt of the City decreased by \$7,560,000 during the year due to refunding activity and payment of principal.

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
- 3) Notes to the financial statements.

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the City's assets and liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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

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

The City maintains several governmental funds organized according to their fund type. 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 and the General Obligation Fund, which are considered major funds. The Capital Recovery Fee Fund which was presented as a major governmental fund last year is presented as a non-major special revenue fund this year. There are eleven non-major special revenue funds and seven non-major capital related funds. Data from the remaining funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements and are presented elsewhere in this report.

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

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

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

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.

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

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.

The combining statements referred to earlier in connection with non-major governmental funds and budget to actual variance schedules for non-major governmental funds and the component unit fund financial statements are presented following the required supplemental information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

At the end of the fiscal year 2016, the City's net position (assets exceeding liabilities) total \$147,839,780. This analysis focuses the net position and changes in net position in the following tables.

Net Position. The largest portion of the City's net position (\$128,265,936 or 87%) 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 position (\$10,186,868 or 7%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position (\$9,386,946 or 6%) may be used to meet the government's ongoing obligation to citizens and creditors.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 98,541,661	\$ 101,679,346	\$ 12,074,789	\$ 16,748,726	\$ 110,616,450	\$ 118,428,072
Capital assets	165,112,027	159,186,727	59,880,242	58,502,923	224,992,269	217,689,650
Total assets	263,653,688	260,866,073	71,955,031	75,251,649	335,608,719	336,117,722
Deferred outflow of resources	7,826,338	3,211,396	708,541	326,163	8,534,879	3,537,559
Current liabilities	3,838,817	2,327,212	1,458,233	1,499,036	5,297,050	3,826,248
Noncurrent liabilities	173,868,825	167,965,938	16,922,176	17,347,158	190,791,001	185,313,096
Total liabilities	177,707,642	170,293,150	18,380,409	18,846,194	196,088,051	189,139,344
Deferred inflows of resources	196,692	254,350	19,075	25,156	215,767	279,506
Net position						
Invested in capital assets, net of related debt	83,215,449	80,025,249	45,050,487	46,927,843	128,265,936	126,953,092
Restricted	8,394,131	10,511,210	1,792,767	3,133,733	10,186,898	13,644,943
Unrestricted	1,966,112	2,993,510	7,420,834	6,644,886	9,386,946	9,638,396
Total net position	\$ 93,575,692	\$ 93,529,969	\$ 54,264,088	\$ 56,706,462	\$ 147,839,780	\$ 150,236,431

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Changes in Net Position. The net position of the City decreased by \$2,396,651 for the fiscal year ended September 30, 2016. The overall change in net position of governmental activities can be explained by evaluating the changes in governmental funds and then evaluating the conversion of the governmental funds from the modified accrual basis of accounting to the accrual basis of accounting used in governmental activities.

Governmental Activities. Governmental activities increased the City's net position by \$45,723 which is due in part by an increase in program revenues and general revenues such as property and sales tax. While there was an increase of \$3,542,304 or 7% in revenues over 2015 there was also an increase in governmental expenses by \$2,386,925 or 4.6% which was primarily related to public safety. The net position of governmental activities before transfers was a decrease of \$2,014,077. Of the \$2,059,800 in transfers to support governmental activities, there was \$1,800,000 from business-type activities to apply toward the accrual of funds to retire the Joe Pool Lake contract liability. Joe Pool Lake is a major fund within governmental activities.

Capital assets of the governmental activity funds experienced an increase of \$6,007,296 or 3.78% due to construction related assets being added. The increase before depreciation was \$12,845,980 or 5% due to construction related assets being constructed.

Business-type Activities. Net position from business-type activities has decreased by \$2,442,374 or 4.31% from prior year. Program and general revenues have decreased by \$1,162,088 or 6.1% primarily due to a reduction in sales of water. Business-type activity expenses have increased by \$1,806,017 or 11% primarily due to the cost of water purchased and sewer treatment. The decrease in net position before transfers was \$382,574 and after transfers of \$2,059,800 the total change was \$2,442,374. Transfers represent an amount paid to the general fund for information technology support and an amount to retire the Joe Pool Lake contract liability.

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 9,665,900	\$ 9,873,268	\$ 17,415,597	\$ 18,685,787	\$ 27,081,497	\$ 28,559,055
Operating grants and contributions	2,666,399	2,001,494	-	-	2,666,399	2,001,494
Capital grants and contributions	4,457,074	1,048,364	380,971	257,513	4,838,045	1,305,877
General revenues:						
Property taxes	21,222,889	20,322,289	-	-	21,222,889	20,322,289
Sales taxes	8,674,970	8,075,632	-	-	8,674,970	8,075,632
Hotel/motel taxes	223,330	220,746	-	-	223,330	220,746
Franchise taxes	2,990,157	3,855,212	-	-	2,990,157	3,855,212
Investment earnings	1,497,708	2,527,311	46,538	58,062	1,544,246	2,585,373
Gain on disposal of fixed assets	(12,968)	86,420	(3,859)	-	(16,827)	86,420
Miscellaneous	508,136	340,555	-	-	508,136	340,555
Total revenues	<u>51,893,595</u>	<u>48,351,291</u>	<u>17,839,247</u>	<u>19,001,362</u>	<u>69,732,842</u>	<u>67,352,653</u>
Expenses:						
General government	6,767,213	6,730,123	-	-	6,767,213	6,730,123
Public safety	24,862,491	22,262,620	-	-	24,862,491	22,262,620
Public works	11,441,834	11,742,123	-	-	11,441,834	11,742,123
Community service	8,430,316	7,878,262	-	-	8,430,316	7,878,262
Water and sewer services	-	-	18,221,821	16,415,804	18,221,821	16,415,804
Interest and fiscal charges	2,405,818	2,907,619	-	-	2,405,818	2,907,619
Total expenses	<u>53,907,672</u>	<u>51,520,747</u>	<u>18,221,821</u>	<u>16,415,804</u>	<u>72,129,493</u>	<u>67,936,551</u>
Increase in net position before transfers	(2,014,077)	(3,169,456)	(382,574)	2,585,558	(2,396,651)	(583,898)
Transfers	2,059,800	1,800,000	(2,059,800)	(1,800,000)	-	-
Change in net position	45,723	(1,369,456)	(2,442,374)	785,558	(2,396,651)	(583,898)
Net position, beginning of year	<u>93,529,969</u>	<u>94,899,425</u>	<u>56,706,462</u>	<u>55,920,904</u>	<u>150,236,431</u>	<u>150,820,329</u>
Net position, end of year	<u>\$ 93,575,692</u>	<u>\$ 93,529,969</u>	<u>\$ 54,264,088</u>	<u>\$ 56,706,462</u>	<u>\$ 147,839,780</u>	<u>\$ 150,236,431</u>

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Government Funds— The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. Specifically, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$91,956,211. Approximately 9% or \$8,771,503 of this total amount constitutes unassigned fund balance which is available for any public use. Approximately 23% of the total fund balance or \$20,790,459 represent restricted fund balance and is constrained by creditors, grantors, contributors or laws and regulations. The committed fund balance of \$62,104,503 or 68% of fund balance has self-imposed limitations placed on its use by parties with the highest level of decision making within the City (the City Council). The remainder of the fund balance is considered non-spendable to indicate that it is not available for new spending because of its form and includes prepaid expenses and inventory.

The revenues of the General Fund totaled \$31,423,233 and the expenditures of the fund totaled \$31,663,071, and before other financing sources and uses of funds, the difference of revenues over expenditures was a deficit of \$239,838. And, after other financing sources and uses in the General Fund, the change to fund balance was \$37,048 or a .41% increase. The year-end fund balance represents 29% of expenditures of the General Fund prior to other financing sources and uses. The City's fund balance policy initiative is 25% of operating expenditures or \$7,915,718.

The Debt Service Fund balance has increased slightly by \$199,485. This increase is due to interest savings as a result of the 2016 refunding. The ending fund balance is above the 15% the policy reserve initiative.

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 \$3,166,236. \$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 \$1,316,236 of investment earnings from investing activities.

The General Obligation Bond Fund accounts for funds to construct streets and several building renovations. The fund received \$54,278 in investment earnings during the fiscal year and incurred expenditures of \$11,012,606 for capital projects. Other financing sources and uses flowed through this fund relating to the issuance of refunding bonds.

The fund balances of the Non Major governmental funds decreased by \$1,828,273. The primary reason for this decrease is due a one-time transfer of funds to the City's debt service fund to service debt and spend down of special revenue capital project funds during the year

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Proprietary Funds (Enterprise). The City has two proprietary funds, a water and sewer (enterprise) fund and an equipment (internal service) fund. The enterprise fund financial statements provide similar information found in the government-wide financial statements but includes more detail. The Enterprise Fund had an operating loss of \$156,102 at September 30, 2016. After other non-operating revenues and expenses, transfers and contributions, the net change in the net position of the City's enterprise fund was a decrease of \$2,442,374. The unrestricted assets of the Enterprise fund at the end of the fiscal year were \$7,420,834. These assets can be used in operations and pay other legally contracted obligations and debt. The restricted assets of the Enterprise Fund totaled \$1,503,238 and are to be used for and construction activities and a portion are deposits held for customers.

The internal service fund accounts for equipment purchased and leased to governmental funds and component units. The net position of the fund at the end of the fiscal year was \$4,584,898. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights. The General Fund expenditure budget was increased by 2% or \$662,000 over 2015. There were no amendments during the year. Actual General Fund revenue received in comparison to the final budget was under budget by \$59,182. This negative variance is a combination of multiple variances (positive and negative) but the most noticeable are revenues received for fines and forfeitures and charges for services which have decreased. General Fund expenditures had a final budget to actual positive variance of \$41,694 before other financing sources and uses. The City had a planned and budgeted drawdown of fund balance reserves of \$45,465. However, the City ended the fiscal year with a positive gain of \$37,048. The transfers in to the General Fund were from the City's Enterprise Fund and Landscape Beautification Fund and where cost-recovery amounts for Information Technology Services and Contract Mowing Services.

CAPITAL ASSETS

The City's investment in capital assets for its government-wide activities as of September 30, 2016 was \$224,889,270 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, improvements, construction-in-progress (CIP), water rights, master studies and infrastructure. The change in capital assets (net of accumulated depreciation) over the prior year is \$7,429,141.

Major capital assets additions as completed or in progress during the current fiscal year include the following:

- Alan E. Sims Recreation Center Equipment Replacement
- Alan E. Sims Recreation Center Landscaping Improvements
- Fire Truck
- Ambulance
- Bear Creek and Highlands Park Improvements
- Shade Structures replaced in various parks

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

- Park Lot Improvement at Public Works Service Center
- Mansfield Road Thoroughfare and Utility Improvements
- Beltline West and Lake Ridge Water and Sewer Improvements
- Highway 67 Booster Station (Old Town)
- Valley Ridge Water Line

Capital Assets at Year End
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	\$ 15,673,084	\$ 15,673,084	\$ 367,764	\$ 367,764	\$ 16,040,848	\$ 16,040,848
Construction in progress	11,342,218	-	2,722,670	37,083	14,064,888	37,083
Buildings	38,766,909	39,206,618	51,941	(45,132)	38,818,850	39,161,486
Water System	-	-	39,764,292	40,641,117	42,607,212	40,641,117
Sewer System	-	-	16,637,567	17,097,459	103,918,979	17,097,459
Equipment	2,842,920	2,516,905	333,851	401,735	9,347,486	2,918,640
Infrastructure	87,281,412	91,988,569	-	-	44,525	91,988,569
Water rights	9,013,635	9,503,063	-	-	-	9,503,063
Master studies	44,525	69,167	2,157	2,897	46,682	72,064
Total	<u>\$ 164,964,703</u>	<u>\$ 158,957,406</u>	<u>\$ 59,880,242</u>	<u>\$ 58,502,923</u>	<u>\$ 224,889,470</u>	<u>\$ 217,460,329</u>

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the City had total bonded debt outstanding of \$81,265,000. With the City's Joe Pool Lake contract liability and other long-term obligations, the total debt obligations were \$190,791,001 at the close of the 2016 fiscal year. The City's bonded debt is backed by the full faith and credit of the City.

The City had \$71,190,000 in General Obligation Bonds, \$10,075,000 in Certificates of Obligations at fiscal year-end. At the end of the current fiscal year, the City has no outstanding revenue bonded debt. The total outstanding for the general government was \$67,000,760 in bonded debt while that of the business-type was \$14,264,240. Property taxes are levied annually to pay annual principal and interest payments. The City maintains solid self-supporting annual debt commitments from the City's Water and Sewer Fund, the Community Development Corporation and the Economic Development Corporation.

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, 2016, the City's 43.21% share of the contract amounted to a \$82,683,592 liability. The City has set aside funds since the 1995 fiscal year to pay this obligation. At September 30, 2016, the amount accumulated in the Joe Pool Fund for the retirement of this debt is \$58,456,824. The present plan is to set aside \$1,850,000

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

each year to allow full payment of the obligation within a maximum of fifty years. The Joe Pool Lake contract liability was 100% retired after the close of this fiscal year on December 21, 2016 and is disclosed in the footnote section of this report as a subsequent event.

Other long-term liabilities relates to compensated absences, un-amortized premiums, OPEB and Pension liabilities as identified in the table below.

Oustanding Debt and Long-Term

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Gross bonded debt:						
General obligation	\$ 63,920,760	\$ 61,812,760	\$ 7,269,240	\$ 4,182,240	\$ 71,190,000	\$ 65,995,000
Certificates of obligation	3,080,000	11,420,000	6,995,000	7,035,000	10,075,000	18,455,000
Revenue bonds	-	-	-	4,375,000	-	4,375,000
Total bonded debt	67,000,760	73,232,760	14,264,240	15,592,240	81,265,000	88,825,000
Other long-term debt:						
Contractual obligation	82,683,592	78,237,363	-	-	82,683,592	78,237,363
Unamortized premiums	5,389,920	3,814,067	1,043,341	710,622	6,433,261	4,524,689
Compensated absences	5,200,325	4,458,230	215,870	216,108	5,416,195	4,674,338
OPEB	367,022	320,452	55,609	46,565	422,631	367,017
Net pension liability	13,227,206	7,903,066	1,343,116	781,622	14,570,322	8,684,688
Total other long-term debt	106,868,065	94,733,178	2,657,936	1,754,917	109,526,001	96,488,095
Total	\$ 173,868,825	\$ 167,965,938	\$ 16,922,176	\$ 17,347,157	\$ 190,791,001	\$ 185,313,095

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

	Standard and Poor's	Moody's Investor Services
General Obligation Bonds	AA	Aa2
Certificates of Obligation	AA	Aa2

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

COMPONENT UNITS

The City has two component units, each funded by sales tax as follows:

- Economic Development Corporation at \$.00375 cents
- Community Development Corporation at \$.0050 cents

The Economic Development Corporation (EDC) is a legally separate governmental entity that promotes (a) existing business enterprise expansion and retention, and (b) new business enterprise development. The EDC's fund balance of the EDC at fiscal year-end was \$6,374,989 and decreased by \$19,493 from the prior year. The EDC's total revenues were \$2,887,804 of

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

which of which \$2,861,211 was from sales taxes. For the year, the EDC had expenditures of \$2,907,297, and of this amount, \$1,171,540 were contractually required payments to the City for debt service. The EDC's other operational expenses were for economic marketing and business retention efforts. The EDC at fiscal year-end had a contract for sale of a parcel of land pending. The expected proceeds are \$725,000.

The Community Development Corporation (CDC) is a legally separate governmental entity tasked with bringing recreational, facility development and tourism opportunities to the City and is supported by a voter approved sales tax of one-half of one percent. The CDC's fund balance is \$7,150,938 and decreased by \$1,381,022 from the prior year. The decrease was attributable to advance funding to the Texas Department of Transportation for the F.M. 1382 hike and bike trail under design and slotted for start-up construction next year. The CDC incurred \$5,969,093 in expenses and earned \$4,588,071 in program revenues. The CDC's sources of revenues included \$3,814,948 from sales tax and \$697,565 in fees and charges earned in support of the Alan E. Sims Recreation Center's operations. The CDC expended \$2,954,568 in capital expenditure investments in the City's parks and as stated above the F.M. 1382 Hike and Bike Trail future project. The CDC expended \$3,014,525 in maintaining and operating the Alan E. Sims Recreation Center and Valley Ridge Community Park. In addition the CDC contributed \$747,000 toward its share of annual debt commitments on the Alan E. Sims Recreation Center.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

After the slowdown in growth that occurred in fiscal years 2010 through 2013 (4 years) that reflected current economic conditions, FY 2014 began to show signs of improvement. The growth rate accelerated in FY2015 and FY2016 at 5% levels and, as steady growth continues, the upward trend in property values remains evident by the growth experienced in FY 2017 at 7%. The City is optimistic that the upward trend will continue into the next decade. Valuation data released from the Dallas and Ellis County Appraisal Districts indicate taxable values increased approximately \$215.1 million, or 7% over the preceding year. Approximately \$48 million of this amount was new construction.

The slowdown in the growth rate the City has experienced in recent years continues to have an impact on the City's budget planning and development. The current budget and the fiscal year 2017 were developed with fiscal conservative initiatives and with the attitude of growing the budget smartly.

The general fund's largest single revenue source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2016 has remained the same at \$0.69876 cents per \$100 valuation. The property tax rate and levy resulted in budgeted tax revenues of \$21,136,800 for general and debt purposes for fiscal year 2016 and \$22,640,000 in fiscal year 2017 which is a 7% increase. Property taxes fund about 50% of the City's general purpose operations.

The City's portion of the sales tax rate is \$.01875 and the City has seen positive growth in its sales tax base at a rate of over 5% per year for the last two years. The fiscal year 200 budget includes a 5.2% increase in sales tax. In November 2012, voters approved the creation of a

CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2016

Crime Control and Prevention District (CCPD) and authorized the re-allocation of one-eight cent from the EDC to the CCPD. The State Comptroller began collecting the adjusted sales tax rates beginning July 1, 2013. The CCPD has proven success in its efforts of crime control and prevention. The CCPD sales tax takes some of the pressure off the General Fund for public safety expense.

In FY2017, General Fund revenues are expected to increase by 6.5% and expenditures are budgeted to increase by 5.7% prior to other financing sources and transfers out, respectively, over FY2016 revenues and expenditures. The General Fund fund balance is expected to remain well above the 25% fiscal policy minimum.

Utility Fund operating revenues are budgeted to increase by 8.4% from the fiscal year 2016 revenue budget. In fiscal year 2016 due to significant rainfall, revenue from water sales was down from budgeted amounts by 8%. The City is in its second year of an automated meter reading system that produces better and more reliable consumption data and billing accuracy. As a result the City is experiencing increases in revenue from the system improvements including a higher level of internal professional management. Revenues of the system are projected to increase just from improved efficiencies in the system. Operating expenses were projected to increase by 14% or \$2,059,000 from fiscal year 2016. This operational cost is primarily due to cost increases to purchase wholesale water and treat the City's sewer.

The City has budgeted for a comprehensive rate study in fiscal 2017 with implementation of results in fiscal year 2018. The Utility's working capital balances (fund equity) is maintained at 25% of operating costs.

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, extension 1063.

BASIC FINANCIAL STATEMENTS



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2016**

EXHIBIT A-1

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Corporation	Economic Development Corporation
ASSETS					
Equity in pooled cash and cash equivalents	\$ 55,262,055	\$ 6,898,434	\$ 62,160,489	\$ 6,868,608	\$ 5,638,509
Investments	38,058,182	-	38,058,182	-	256,965
Receivables (net of allowances for uncollectible):					
Taxes	2,267,574	-	2,267,574	656,459	492,338
Franchise taxes	253,803	-	253,803	-	-
Accounts	-	2,809,919	2,809,919	-	-
Miscellaneous	2,170,367	-	2,170,367	(4,004)	-
Interest	239,934	1,310	241,244	-	463
Inventory	16,875	-	16,875	-	-
Prepaid and other items	272,871	30,210	303,081	12,280	21,074
Restricted assets:					
Restricted capital recovery fee funds-equity in pooled cash and investments	-	314,043	314,043	-	-
Restricted for deposits-equity in pooled cash and investments	-	542,149	542,149	-	17,500
Restricted pro rata funds-equity in pooled cash and investments	-	3,385	3,385	-	-
Restricted bond proceeds-equity in pooled cash and investments	-	1,475,339	1,475,339	-	-
Capital assets:					
Nondepreciable	27,015,302	3,090,434	30,105,736	2,946,425	3,302,065
Depreciable-net of accumulated depreciation	137,949,401	56,789,808	194,739,209	-	115,289
Other assets	147,324	-	147,324	-	-
TOTAL ASSETS	263,653,688	71,955,031	335,608,719	10,479,768	9,844,203
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refundings	1,232,929	27,287	1,260,216	-	-
Pension contributions and investment experience	6,593,409	681,254	7,274,663	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,826,338	708,541	8,534,879	-	-
LIABILITIES					
Accounts payable	1,460,920	580,268	2,041,188	188,024	8,642
Accrued liabilities	2,108,889	136,149	2,245,038	87,030	25,718
Unearned revenue	-	-	-	46,013	-
Customer deposits	-	542,149	542,149	61,338	17,500
Interest payable	269,008	62,025	331,033	-	-
Payable from restricted assets-current	-	137,642	137,642	-	-
Noncurrent liabilities:					
Due within one year	8,878,475	1,400,787	10,279,262	56,953	30,104
Due in more than one year	164,990,350	15,521,389	180,511,739	68,975	59,614
TOTAL LIABILITIES	177,707,642	18,380,409	196,088,051	508,333	141,578
DEFERRED INFLOWS OF RESOURCES					
Pension actuarial experience	196,692	19,075	215,767	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	196,692	19,075	215,767	-	-
NET POSITION					
Net investment in capital assets	83,215,449	45,050,487	128,265,936	343,579	3,417,354
Restricted for:					
Debt service	1,370,734	-	1,370,734	-	-
Construction	4,672,574	1,792,767	6,465,341	-	-
Animal shelter	123,575	-	123,575	-	-
Dispatch center	147,324	-	147,324	-	-
Other	2,079,924	-	2,079,924	-	-
Unrestricted	1,966,112	7,420,834	9,386,946	9,627,856	6,285,271
TOTAL NET POSITION	\$ 93,575,692	\$ 54,264,088	\$ 147,839,780	\$ 9,971,435	\$ 9,702,625

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, 2016**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 6,767,213	\$ 870,839	\$ -	\$ -
Public safety	24,862,491	5,254,150	309,188	-
Public works	11,441,834	316,432	408,441	4,457,074
Community services	8,430,316	3,224,479	31,340	-
Interest and fiscal charges	2,405,818	-	1,917,430	-
Total governmental activities	53,907,672	9,665,900	2,666,399	4,457,074
BUSINESS-TYPE ACTIVITIES:				
Water and sewer	18,221,821	17,415,597	-	380,971
Total business-type activities	18,221,821	17,415,597	-	380,971
TOTAL PRIMARY GOVERNMENT	\$ 72,129,493	\$ 27,081,497	\$ 2,666,399	\$ 4,838,045
COMPONENT UNITS:				
Community Development Corporation	3,372,886	697,565	-	-
Economic Development Corporation	2,924,002	2,080	-	-
TOTAL COMPONENT UNITS	\$ 6,296,888	\$ 699,645	\$ -	\$ -

GENERAL REVENUES:

Taxes:

- Property Taxes
- Sales Taxes
- Hotel/motel Taxes
- Franchise Taxes
- Investment earnings
- Loss on disposal
- Miscellaneous

TRANSFERS

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION-Beginning

NET POSITION-Ending

EXHIBIT A-2

Net (Expenses) Revenues and Changes in NET POSITION					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	Community Development	Economic Development	
\$ (5,896,374)	\$ -	\$ (5,896,374)	\$ -	\$ -	
(19,299,153)	-	(19,299,153)	-	-	
(6,259,887)	-	(6,259,887)	-	-	
(5,174,497)	-	(5,174,497)	-	-	
(488,388)	-	(488,388)	-	-	
(37,118,299)	-	(37,118,299)	-	-	
-	(425,253)	(425,253)	-	-	
-	(425,253)	(425,253)	-	-	
(37,118,299)	(425,253)	(37,543,552)	-	-	
-	-	-	(2,675,321)	-	
-	-	-	-	(2,921,922)	
-	-	-	(2,675,321)	(2,921,922)	
21,222,889	-	21,222,889	-	-	
8,674,970	-	8,674,970	3,814,948	2,861,211	
223,330	-	223,330	-	-	
2,990,157	-	2,990,157	-	-	
1,497,708	46,538	1,544,246	30,880	23,943	
(12,968)	(3,859)	(16,827)	-	-	
508,136	-	508,136	44,678	570	
2,059,800	(2,059,800)	-	-	-	
37,164,022	(2,017,121)	35,146,901	3,890,506	2,885,724	
45,723	(2,442,374)	(2,396,651)	1,215,185	(36,198)	
93,529,969	56,706,462	150,236,431	8,756,250	9,738,823	
\$ 93,575,692	\$ 54,264,088	\$ 147,839,780	\$ 9,971,435	\$ 9,702,625	

CITY OF CEDAR HILL, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016

	<u>General</u>	<u>Debt Service Fund</u>	<u>Joe Pool Fund</u>
ASSETS			
EQUITY IN POOLED CASH AND CASH EQUIVALENTS	\$ 8,979,204	\$ 1,443,684	\$ 20,398,642
INVESTMENTS	-	-	38,058,182
RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):			
Taxes	1,906,144	199,450	-
Franchise taxes	229,271	-	-
Miscellaneous	766,224	-	-
Interest	-	255	238,202
PREPAID ITEMS	266,647	-	-
INVENTORY	16,875	-	-
TOTAL ASSETS	<u>\$ 12,164,365</u>	<u>\$ 1,643,389</u>	<u>\$ 58,695,026</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	589,703	-	5,805
Accrued liabilities	1,268,646	-	-
Total liabilities	<u>1,858,349</u>	<u>-</u>	<u>5,805</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	1,127,416	196,059	-
Total deferred inflows of resources	<u>1,127,416</u>	<u>196,059</u>	<u>-</u>
FUND BALANCES:			
Nonspendable			
Prepaid and inventory	283,522	-	-
Restricted for:			
Construction	-	-	-
PID Use	-	-	-
Tourism	-	-	-
Police	-	-	-
Debt service	-	1,447,330	-
Animal shelter	123,575	-	-
Committed for:			
Library	-	-	-
Landscaping	-	-	-
Construction	-	-	-
Building maintenance	-	-	-
Joe Pool	-	-	58,689,221
Unassigned	8,771,503	-	-
Total fund balances	<u>9,178,600</u>	<u>1,447,330</u>	<u>58,689,221</u>
TOTAL	<u>\$ 12,164,365</u>	<u>\$ 1,643,389</u>	<u>\$ 58,695,026</u>

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

EXHIBIT B-1

General Obligation Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 10,080,428	\$ 12,677,468	\$ 53,579,426
-	-	38,058,182
-	161,980	2,267,574
-	24,532	253,803
803,457	600,686	2,170,367
453	919	239,829
-	6,224	272,871
-	-	16,875
<u>\$ 10,884,338</u>	<u>\$ 13,471,809</u>	<u>\$ 96,858,927</u>
570,410	295,002	1,460,920
532,390	307,853	2,108,889
<u>1,102,800</u>	<u>602,855</u>	<u>3,569,809</u>
-	9,432	1,332,907
-	9,432	1,332,907
-	6,224	289,746
9,781,538	7,831,311	17,612,849
-	239,342	239,342
-	821,640	821,640
-	545,723	545,723
-	-	1,447,330
-	-	123,575
-	123,146	123,146
-	1,277,952	1,277,952
-	1,819,952	1,819,952
-	194,232	194,232
-	-	58,689,221
-	-	8,771,503
<u>9,781,538</u>	<u>12,859,522</u>	<u>91,956,211</u>
<u>\$ 10,884,338</u>	<u>\$ 13,471,809</u>	<u>\$ 96,858,927</u>

CITY OF CEDAR HILL, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2016

EXHIBIT B-2

TOTAL FUND BALANCES-Governmental funds \$ 91,956,211

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 \$2,245,934). 164,964,703

The regional dispatch center is not reported at the fund level. 147,324

Certain receivables will be collected this year but are not available soon enough to pay for the current period's expenditures and are therefore deferred in the funds. 1,332,907

Deferred outflows of resources - unamortized loss on refunding bonds. 1,232,929

TMRS net pension contribution and investment experience and pension actuarial expense 6,396,717

Bond interest is not payable with current financial resources and is therefore not accrued at the fund level. (269,008)

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	(63,920,760)
Certificates of obligation	(3,080,000)
Unamortized premiums	(5,389,920)
Compensated absences	(5,200,325)
OPEB liability	(367,022)
Net pension liability	(13,227,206)
Joe Pool obligation	(82,683,592)

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

1,682,734

TOTAL NET POSITION-Governmental activities \$ 93,575,692



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

CITY OF CEDAR HILL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General	Debt Service Fund	Joe Pool Fund
REVENUES:			
Taxes	\$ 22,955,603	\$ 5,542,406	\$ -
Franchise taxes	3,386,976	-	-
License and permits	778,437	-	-
Intergovernmental	342,552	1,917,430	-
Charges for services	2,463,122	100,946	-
Fines and forfeitures	1,090,483	-	-
Investment earnings	42,893	11,853	1,316,236
Miscellaneous	<u>363,167</u>	<u>-</u>	<u>-</u>
Total revenues	<u>31,423,233</u>	<u>7,572,635</u>	<u>1,316,236</u>
EXPENDITURES:			
Current:			
General government	4,948,939	-	-
Public works	2,028,592	-	-
Public safety	20,343,131	-	-
Community services	4,304,196	-	-
Debt service:			
Principal retirement	-	6,102,000	-
Interest and fiscal charges	-	2,874,002	-
Capital outlay:			
Public works	-	-	-
Public safety	38,213	-	-
Community services	-	-	-
Total expenditures	<u>31,663,071</u>	<u>8,976,002</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES			
EXPENDITURES	<u>(239,838)</u>	<u>(1,403,367)</u>	<u>1,316,236</u>
OTHER FINANCING SOURCES (USES):			
Transfer in	345,886	1,417,567	1,850,000
Transfer out	(69,000)	-	-
Premiums on issuance of debt	-	2,147,102	-
Issuance of refunding bonds	-	15,150,280	-
Payments to refunded bond escrow agent	-	<u>(17,112,097)</u>	<u>-</u>
Total other financing sources (uses)	<u>276,886</u>	<u>1,602,852</u>	<u>1,850,000</u>
CHANGE IN FUND BALANCES	<u>37,048</u>	<u>199,485</u>	<u>3,166,236</u>
FUND BALANCES-Beginning	<u>9,141,552</u>	<u>1,247,845</u>	<u>55,522,985</u>
FUND BALANCES-Ending	<u>\$ 9,178,600</u>	<u>\$ 1,447,330</u>	<u>\$ 58,689,221</u>

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

EXHIBIT B-3

General Obligation Bond Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 1,622,110	\$ 30,120,119
- -	78,992	3,465,968
- -	- -	778,437
4,450,566	39,602	6,750,150
- -	2,169,478	4,733,546
- -	669,827	1,760,310
54,278	65,658	1,490,918
- -	396,661	759,828
4,504,844	5,042,328	49,859,276
66,903	10,489	5,026,331
16,305	8,262	2,053,159
- -	1,448,645	21,791,776
- -	2,545,548	6,849,744
- -	- -	6,102,000
- -	- -	2,874,002
10,929,398	983,886	11,913,284
- -	- -	38,213
- -	218,390	218,390
11,012,606	5,215,220	56,866,899
(6,507,762)	(172,892)	(7,007,623)
137,294	13,914	3,764,661
- -	(1,669,295)	(1,738,295)
188,974	- -	2,336,076
1,327,331	- -	16,477,611
- -	- -	(17,112,097)
1,653,599	(1,655,381)	3,727,956
(4,854,163)	(1,828,273)	(3,279,667)
14,635,701	14,687,795	95,235,878
\$ 9,781,538	\$ 12,859,522	\$ 91,956,211

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, 2016

EXHIBIT B-4

NET CHANGE IN FUND BALANCES-Total governmental funds	\$ (3,279,667)
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.	
This amount does not include \$1,374,255 of capital assets acquired by the internal service fund.	12,190,814
Depreciation expense on capital assets is reported in the government-wide statements of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. This amount does not include \$708,025 in depreciation expense recorded in the internal service fund.	(7,142,294)
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.	375,803
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.	(81,997)
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.	41,915
Additions to vacation and sick liabilities are not shown in the fund financial statements.	
The net effect of the current year increase is to decrease net position.	(742,094)
Additions to OPEB liabilities are not shown in the fund financial statements.	
The net effect of the current year increase is to decrease net position.	(46,570)
Additions to TMRS pension liabilities are not shown in the fund financial statements.	
The net effect of the current year increase is to increase (decrease) net position.	(822,073)
Current year bond proceeds are other financing sources in the fund financial statements but are shown as an increase in the liabilities in the government-wide financial statements.	(16,480,000)
Current year bond refundings are other financing uses in the fund financial statements but are shown as a decrease in the liabilities in the government-wide financial statements.	17,112,097
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.	6,102,000
Change in water rights obligation are only reported at the government-wide level.	(4,446,229)
Premiums and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements.	(2,336,076)
Amortization of bond premium and discount amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to increase net position.	612,739
Amortization of deferred refunding amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to decrease net position.	(184,080)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(876,532)
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.	(73,257)
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.	121,224
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 45,723

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

CITY OF CEDAR HILL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016

	Business-Type Activities	Enterprise Funds	Governmental Activities
	Water and Sewer Fund		Internal Service Funds
ASSETS:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 6,898,434		\$ 1,682,629
Receivables (net, of allowances for uncollectibles):			
Accounts	2,809,919		-
Interest	1,310		105
Prepaid expenses	30,210		-
Restricted assets:			
Restricted-customer deposits	542,149		-
Restricted-capital recovery fee funds-equity in pooled cash and cash equivalents	314,043		-
Restricted-pro rata funds-equity in pooled cash and cash equivalents	3,385		-
Restricted-bond proceeds-equity in pooled cash and cash equivalent	1,475,339		-
Total current assets	12,074,789		1,682,734
Noncurrent assets:			
Capital assets:			
Nondepreciable	3,090,434		-
Depreciable-net of accumulated depreciation	56,789,808		2,902,164
Total noncurrent assets	59,880,242		2,902,164
Total assets	71,955,031		4,584,898
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	27,287		-
Pension contributions and investment experience	681,254		-
Total deferred outflows of resources	708,541		-

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2016**

EXHIBIT C-1

	Business-Type Activities	Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Internal Service Funds	
LIABILITIES:			
Current liabilities:			
Payable from current assets:			
Accounts and contracts payable	580,268	-	
Accrued liabilities	136,149	-	
Compensated absences	140,316	-	
Total payable from current assets	856,733		-
Payable from restricted assets:			
Accrued liabilities	137,642	-	
Accrued Interest	62,025	-	
Customer deposits	542,149	-	
Certificates of obligation	435,000	-	
General obligation bonds payable	659,552	-	
Unamortized premiums	165,919	-	
Total payable from restricted assets	2,002,287		-
Total current liabilities	2,859,020		-
Noncurrent liabilities:			
OPEB liability	55,609	-	
Certificates of obligation	6,560,000	-	
General obligation bonds payable	6,609,688	-	
Unamortized bond premiums	877,422	-	
Net pension liability	1,343,116	-	
Compensated absences	75,554	-	
Total noncurrent liabilities	15,521,389		-
Total liabilities	18,380,409		-
DEFERRED INFLOWS OF RESOURCES			
Pension actuarial experience	19,075	-	
Total deferred inflows of resources	19,075		-
NET POSITION:			
Net investment in capital assets	45,050,487	2,902,164	
Restricted for:			
Construction	1,792,767	-	
Unrestricted	7,420,834	1,682,734	
Total net position	\$ 54,264,088	\$ 4,584,898	

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

CITY OF CEDAR HILL, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT C-2

	Business-Type Activities Enterprise Funds	Governmental Activities Internal Service Funds
	Water and Sewer Fund	
OPERATING REVENUES:		
Water sales	\$ 9,348,742	\$ -
Sewer charges	7,676,793	-
Other charges	307,559	<u>806,029</u>
Total operating revenues	<u>17,333,094</u>	<u>806,029</u>
OPERATING EXPENSES:		
Sewage treatment	6,097,183	-
Purchase of water	3,443,307	-
Personnel services	2,821,636	-
Depreciation	1,723,638	708,025
Gross receipts fee	790,305	-
Heat, light and power	360,464	-
Maintenance	247,014	-
Contractual services	1,242,309	-
Materials and supplies	604,789	58,293
Miscellaneous	158,551	-
Total operating expenses	<u>17,489,196</u>	<u>766,318</u>
OPERATING INCOME (LOSS)	<u>(156,102)</u>	<u>39,711</u>
NON-OPERATING REVENUES (EXPENSES):		
Other non-operating revenue	82,503	-
Investment income	46,538	6,790
Interest and fiscal charges	(732,625)	-
Gain (loss) on retirement of assets	(3,859)	<u>60,289</u>
Total nonoperating revenue (expenses)	<u>(607,443)</u>	<u>67,079</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(763,545)</u>	<u>106,790</u>
Contributions-tap fees and other	380,971	-
Transfers in	-	14,434
Transfers out	(2,059,800)	-
Total contributions and transfers	<u>(1,678,829)</u>	<u>14,434</u>
CHANGE IN NET POSITION	<u>(2,442,374)</u>	<u>121,224</u>
NET POSITION-October 1	<u>56,706,462</u>	<u>4,463,674</u>
NET POSITION-End of year	<u>\$ 54,264,088</u>	<u>\$ 4,584,898</u>

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

	Business-Type Activities	Enterprise Funds	Governmental Activities
	Water and Sewer Fund		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 18,299,647		\$ 806,029
Cash paid to suppliers	(12,544,819)		(21,194)
Cash paid to employees for services	(2,834,705)		-
Net cash provided by operations	2,920,123		784,835
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to (from) other funds	(2,059,800)		14,434
Net cash used in noncapital financing activities	(2,059,800)		14,434
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(474,708)		(1,364,255)
Proceeds from sales of assets	(3,859)		60,289
Contributions - tap fees and other	218,032		-
Proceeds from bond issuance	3,871,974		-
Proceeds from water settlement	82,502		-
Principal paid on revenue bonds	(7,741,560)		-
Interest paid on revenue and general obligation bonds	(691,604)		-
Net cash used in capital and related financing activities	(4,739,223)		(1,303,966)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	46,661		-
Proceeds from sale and maturities of securities	-		6,790
Net cash provided by investing activities	46,661		6,790
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,832,239)		(497,907)
CASH AND CASH EQUIVALENTS-Beginning of year	13,065,589		2,180,536
CASH AND CASH EQUIVALENTS-End of year	\$ 9,233,350		\$ 1,682,629

EXHIBIT C-3

	Business-Type Activities	Governmental Activities
	Enterprise Funds	Internal Service Funds
	Water and Sewer Fund	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income(loss)	\$ (156,102)	\$ 39,711
Adjustments:		
Depreciation expense	1,723,638	708,025
Change in assets and liabilities:		
Decrease in accounts receivable	870,711	37,110
Increase in prepaids	(29,135)	-
Decrease in accounts payable	(161,124)	(11)
Increase in accrued liabilities	570,450	-
Decrease in customer deposits	101,923	-
Decrease in compensated absences	(238)	-
Total adjustments	3,076,225	745,124
NET CASH PROVIDED BY OPERATIONS	\$ 2,920,123	\$ 784,835
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Contributions of capital assets	<u>\$ 162,939</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Equity in pooled cash and cash equivalents	7,730,112	1,682,629
Restricted-customer deposits	542,149	-
Restricted-capital recovery fee funds-equity in pooled cash and investments	314,043	-
Restricted-pro rata funds-equity in pooled cash and cash equivalents	3,385	-
Restricted-bond proceeds-equity in pooled cash and cash equivalents	<u>643,661</u>	<u>-</u>
	\$ 9,233,350	\$ 1,682,629

CITY OF CEDAR HILL, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2016

EXHIBIT D-1

	Pension Trust Fund
	Police Reserves Benefit Fund
ASSETS:	
Investments	\$ 124,017
Total assets	<u>124,017</u>
NET POSITION:	
Held in trust for pension benefits and other purposes	<u>124,017</u>
Total NET POSITION	<u>\$ 124,017</u>

CITY OF CEDAR HILL, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT D-2

	Pension Trust Fund
	Police Reserves Benefit Fund
ADDITIONS:	
Contributions from employer	\$ 19,000
Total additions	<u>19,000</u>
DEDUCTIONS:	
Pension payments	14,400
Special services	2,382
Investment loss	<u>(8,182)</u>
Total deductions	<u>8,600</u>
NET DECREASE	10,400
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS-Beginning of year	<u>113,617</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS-End of year	<u>\$ 124,017</u>



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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. These notes are organized to provide concise explanations, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2016. The significant accounting and reporting policies and practices used by the City are described below.

A. Reporting Entity

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

The City reports the following major governmental funds:

- The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Debt Service Fund* accounts for the accumulation of resources (primarily property tax levies) to be used for the payment of principal, interest and related costs of general long-term liabilities.
- The *Joe Pool Fund* accounts for funds set aside to pay for the city's share (43%) of the water rights to Joe Pool Lake. The primary revenue source is investment earnings.
- The *General Obligation Bond Fund* accounts for funds to be used for the construction of streets, and the renovation of various buildings.

The City reports the following major proprietary fund:

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

Additionally, the City reports the following funds:

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed. Governmental funds with legally adopted annual budgets include the General Fund and Joe Pool Lake Fund.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Deposits and investments

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – Continued

The City pools substantially all cash and investments except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying statement of net position and balance sheet under the caption "Equity in pooled cash and investments". Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers pricing provided by a pricing service at September 30, 2016, to be the fair value of investments. Interest earned on investments is recorded in the funds in which the investments are recorded.

2. *Receivables and payables*

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." There are no internal balances as of September 30, 2016.

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

3. *Inventories and prepaid items*

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – Continued

4. Restricted assets

Certain proceeds of bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or contractual agreements. Customer deposits received by water and wastewater services are, by law, considered to be restricted assets.

5. Capital assets

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

Building/Facilities and improvements	10-60 years
Equipment	3-30 years
Water rights	50 years
Master studies	5 years
Infrastructure	20-50 years

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – Continued

7. Long-term obligations

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

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. Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

9. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting as deferred outflows:

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – Continued

9. Deferred Outflows/Inflows of Resources – continued

- *Deferred Loss on Refunding* – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt
- *Pension-related Deferred Outflows* – these deferred outflows result from pension contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences in projected and actual earnings on pension assets (deferred and amortized over a closed five year period).
- *Pension-related Deferred Inflows* – these deferred inflows represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time.
- *Unavailable revenue* – The City reports certain deferred inflows related to unavailable tax revenues at the fund level.

10. Fund equity

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

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

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

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

Assigned – Amounts intended to be used for specific purpose. The City Council has delegated the responsibility to assign funds to the City Manager or the Director of Finance as approved by the fund balance policy. Assignments may occur subsequent to fiscal year end.

Unassigned – Amounts not contained in other classifications that can be used for any purpose. The general fund is the only fund reporting a positive balance amount.

For the purpose of fund balance classification expenditures are to be spent first from restricted fund balance, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The City will utilize funds for expenditures

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity – Continued

10. Fund equity - continued

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

11. Other Restricted Net Position

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

Police Forfeiture	\$ 27,359
Hotel Occupancy	815,814
Library Fund	122,950
HP-PID	29,941
WO-PID	176,178
Traffic Safety	230,371
PEG	425,425
Crime Control & Prevention District	<u>251,886</u>
 Total	 <u>\$ 2,079,924</u>

12. New accounting standards effective in FY 2016

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

GASB Statement No. 72, Fair Value Measurement and Application, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP).

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity – Continued

12. New accounting standards effective in FY 2016 - Continued

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans is effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants is effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants.

13. New accounting standards effective in future years

The GASB has issued the following statements which will be effective in future years as described below. The impact on the City's financial statements of implementation has not yet been determined for the following:

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, which is effective for fiscal years beginning after June 15, 2016 is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans is effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB).

GASB Statement No. 77, Tax Abatement Disclosures is effective for reporting periods beginning after December 15, 2015. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity – Continued

13. New accounting standards effective in future years, continued

agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB Statement No. 80, Blending Requirements for Certain Component Units-An Amendment of GASB Statement No. 14, is effective for reporting periods beginning after June 15, 2016. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

GASB Statement No. 81, Irrevocable Split-Interest Agreements The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016.

GASB Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73 The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 83, Certain Asset Retirement Obligations This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for periods beginning after June 15, 2018.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity – Continued

13. New accounting standards effective in future years, continued

GASB Statement No. 84, Fiduciary Activities is effective for periods beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 85, Omnibus 2017 is effective for periods beginning after June 15, 2017. This Statement will enhance consistency in the application of accounting and financial reporting requirements. Consistent reporting will improve the usefulness of information for users of state and local government financial statements.

NOTE 2. DEPOSITS AND INVESTMENTS

Included in the statement of net position and the statement of fiduciary net position are cash and investments totaling \$102,677,550, excluding the discretely presented component units which are disclosed below.

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1–5	6–10	More than 10
City cash—cash	\$ 41,407,160	\$ 41,407,160	\$ -	\$ -	\$ -
Certificates of deposit	\$ 22,076,580	16,846,528	5,230,052	-	-
Investment pools	\$ 1,011,611	1,011,611	-	-	-
Total cash	\$ 64,495,351	\$ 59,265,299	\$ 5,230,052	\$ -	\$ -
City investments:					
Municipal bonds and agencies	\$ 38,058,182	\$ -	\$ 5,040,000	\$ -	\$ 33,018,182
Total investments	\$ 38,058,182	\$ -	\$ 5,040,000	\$ -	\$ 33,018,182
Total cash and investments—city	\$ 102,553,533	\$ 59,265,299	\$ 10,270,052	\$ -	\$ 33,018,182
Pension trust:					
Equities	\$ 124,017	\$ 124,017	\$ -	\$ -	\$ -
	\$ 124,017	\$ 124,017	\$ -	\$ -	\$ -

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 2. DEPOSITS AND INVESTMENTS - CONTINUED

Fair Value Measurements

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At September 30, 2016, the City had the following recurring fair value measurements.

	9/30/2016	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities				
Federal Home Loan Bank - Bonds	\$ 5,040,000	\$ -	\$ 5,040,000	\$ -
Municipal bonds	33,018,212	-	33,018,212	-
Total Investments by fair value level - City	<u>\$ 38,058,212</u>	<u>\$ -</u>	<u>\$ 38,058,212</u>	<u>\$ -</u>
Pension trust				
Equities	\$ 124,017	\$ 124,017	\$ -	\$ -

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 with financial institutions was \$64,495,351 and the bank balance was \$55,503,906. The financial institution balances were completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Custodial Credit Risk-Investments

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

Credit Risk

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

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

<u>Description</u>	<u>Issuer</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Type</u>	<u>Fitch</u>	<u>S&P</u>	<u>Moody</u>
Bexar Co Hosp	Bexar Co Hosp	6.904	2/15/2039	Municipal	AA+	AA+	Aa1
Bexar County TX	Bexar County TX	6.628	6/15/2039	Municipal	AAA	AAA	Aaa
Cypress-Fairbank ISD	Cypress-Fairbank ISD	6.529	2/15/2031	Municipal	AA	AA	Aa1
Cypress-Fairbanks ISD	Cypress-Fairbanks ISD	6.629	2/15/2038	Municipal	AA	AA	Aa1
Dallas TX ISD	Dallas TX ISD	6.450	2/15/2035	Municipal	AAA	AAA	Aaa
El Paso TX	El Paso TX	6.700	8/15/2036	Municipal	AA	AA	
FHLB	FHLB	1.375	3/9/2018	Agency		AA+	Aaa
Galveston County	Galveston County	6.205	2/1/2029	Municipal	AA+		Aaa
Grand Prairie TX ISD	Grand Prairie TX ISD	0	8/15/2040	Municipal	AA	AA-	
Houston TX	Houston TX	6.319	3/1/2030	Municipal	AA	AA	
Katy ISD	Katy ISD	6.349	2/15/2041	Municipal		AAA	Aaa
Laredo TX	Laredo TX	6.566	2/15/2039	Municipal	AA	AA	Aa2
Laredo TX	Laredo TX	6.566	2/15/2039	Municipal	AA	AA	Aa2
Roanoke E&I DC	Roanoke E&I DC	7.199	8/15/2035	Municipal		AA	
Round Rock TX ISD	Round Rock TX ISD	6.024	8/1/2035	Municipal	AAA		Aaa
San Antonio ISD	San Antonio ISD	6.247	8/15/2035	Municipal	AAA	AAA	Aaa
San Antonio ISD	San Antonio ISD	6.097	8/15/2031	Municipal	AAA	AAA	Aaa
San Antonio ISD	San Antonio ISD	6.247	8/15/2035	Municipal	AAA	AAA	Aaa
TEXSTAR LGIP	TEXSTAR	0.4695	10/1/2016	Invesment Pool			AAAm

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:

<u>Portfolio Type</u>	<u>Maximum Average Maturity</u>	<u>Maximum Final Maturity</u>
Consolidated funds	Weighted-average maturity of 365 days	Three years
Debt service funds	None set	Shall not have a stated final date that exceeds corresponding debt service payment date
Debt reserve funds	None set	Call date or final maturity date
Special project or special revenue funds	Weighted-average maturity of three years	Five years
Joe Pool Funds (see footnote 6—other obligations)	None set	Forty years

Investment in Local Government Investment Pools

The City invested in TexSTAR Investment Pool. TexSTAR is administered by First Southwest Asset Management Company and JPMorgan Chase. TexSTAR is a local government Investment pool created under the Interlocal Cooperation Act specifically

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAm by Standard and Poor's. TexStar uses fair market value to report net assets to compute share prices. A complete copy of the TexStar Operating Procedures may be obtained by contacting TexStar Participant Services, 325 North St. Paul, Suite 800, Dallas, TX 75201.

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

Economic Development Corporation

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Corporation—cash	\$ 5,656,009	\$ 5,656,009	\$ -	\$ -	\$ -
Certificate of deposit	256,965	-	256,965	-	-
Total cash and investments—corporation	<u>\$ 5,912,974</u>	<u>\$ 5,656,009</u>	<u>\$ 256,965</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the EDC's bank balance and cash on hand was \$5,656,009 which is included in the City's pooled cash (consolidated) account and was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

Community Development Corporation

	Investment Maturities (in Years)				
	Fair Value	Less than 1	1-5	6-10	More than 10
Corporation—cash	<u>\$ 6,868,608</u>	<u>\$ 6,868,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the CDC's bank balance and cash on hand was \$6,868,608 which is included in the City's pooled cash (consolidated) account and was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 3. RECEIVABLES

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

	General	Debt Service	Joe Pool	General Obligation Bond Fund	Water and Sewer	Nonmajor and Other Funds	Total
Receivables							
Taxes	\$1,906,144	\$ 217,341	\$ -	\$ -	\$ -	\$ 161,980	\$2,285,465
Franchise	229,271	-	-	-	-	24,532	253,803
Accounts	-	-	-	-	4,873,119	-	4,873,119
Interest	-	255	238,202	453	1,310	1,024	241,244
Miscellaneous	<u>2,474,770</u>	-	-	<u>803,457</u>	-	<u>1,110,636</u>	<u>4,388,863</u>
Gross receivables	4,610,185	217,596	238,202	803,910	4,874,429	1,298,172	12,042,494
Less: allowance for uncollectible	<u>(1,708,546)</u>	<u>(17,891)</u>	-	-	<u>(2,063,200)</u>	<u>(509,950)</u>	<u>(4,299,587)</u>
Net total receivables	<u>\$2,901,639</u>	<u>\$ 199,705</u>	<u>\$ 238,202</u>	<u>\$ 803,910</u>	<u>\$ 2,811,229</u>	<u>\$ 788,222</u>	<u>\$ 7,742,907</u>

The General Fund miscellaneous primarily consists of billed emergency medical services and court fines and fee. The Water and Sewer Fund accounts receivable balance includes unbilled charges for services rendered of \$1,886,372 at September 30, 2016. The General Obligation Bond Fund includes an amount earned on a capital project and due from Dallas County through a participating agreement.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets—not being depreciated:					
Land	\$ 15,673,084	\$ -	\$ -	\$ -	\$ 15,673,084
Construction in progress	-	11,691,210	-	(348,992)	11,342,218
Total capital assets—not depreciated	15,673,084	11,691,210	-	(348,992)	27,015,302
Capital assets—being depreciated:					
Buildings/facilities	58,267,305	326,823	(88,266)	348,992	58,854,854
Equipment	11,307,476	1,527,415	(1,006,627)	-	11,828,264
Infrastructure	152,555,502	395,425	-	-	152,950,927
Water rights	26,284,063	-	-	-	26,284,063
Master studies	393,172	-	-	-	393,172
Total capital assets—being depreciated	248,807,518	2,249,663	(1,094,893)	348,992	250,311,280
Less accumulated depreciation for:					
Buildings/facilities	(19,060,687)	(1,105,524)	78,266	-	(20,087,945)
Equipment	(8,790,571)	(1,138,143)	943,370	-	(8,985,344)
Infrastructure	(60,566,933)	(5,102,582)	-	-	(65,669,515)
Water rights	(16,781,000)	(489,428)	-	-	(17,270,428)
Master studies	(324,005)	(24,642)	-	-	(348,647)
Total accumulated depreciation	(105,523,196)	(7,860,319)	1,021,636	-	(112,361,879)
Total capital assets—being depreciated—net	143,284,322	(5,610,656)	(73,257)	348,992	137,949,401
Governmental activities capital assets—net	\$ 158,957,406	\$ 6,080,554	\$ (73,257)	\$ -	\$ 164,964,703

Internal service fund capital assets of \$2,903,163 are included in the governmental activities capital assets.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 4. CAPITAL ASSETS – CONTINUED

Primary Government – Continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets—not being depreciated:					
Land	\$ 367,764	\$ -	\$ -	\$ -	\$ 367,764
Construction in progress	37,083	2,799,174		(113,587)	2,722,670
Total capital assets—not depreciated	404,847	2,799,174	-	(113,587)	3,090,434
Capital assets being depreciated:					
Buildings/facilities	578,513	18,900	-	-	597,413
Water systems	54,142,687	120,241	-	76,504	54,339,432
Sewer systems	24,933,345	42,806	-	-	24,976,151
Equipment	2,816,695	123,694	(87,812)	37,083	2,889,660
Master studies	176,244	-	-	-	176,244
Total capital assets being depreciated	82,647,484	305,641	(87,812)	113,587	82,978,900
Less accumulated depreciation for:					
Buildings/facilities	(522,686)	(22,786)	-	-	(545,472)
Water systems	(13,501,570)	(1,073,570)	-	-	(14,575,140)
Sewer systems	(7,835,886)	(502,698)	-	-	(8,338,584)
Equipment	(2,515,919)	(123,843)	83,953	-	(2,555,809)
Master studies	(173,347)	(740)	-	-	(174,087)
Total accumulated depreciation	(24,549,408)	(1,723,638)	83,953	-	(26,189,092)
Total capital assets—being depreciated—net	58,098,076	(1,417,997)	(3,859)	113,587	56,789,808
Business-type activities capital assets—net	\$ 58,502,923	\$ 1,381,177	\$ (3,859)	\$ -	\$ 59,880,242

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

Governmental activities:	
General government	\$ 1,252,939
Public safety	794,154
Community service	1,118,334
Public works	4,694,892
Total depreciation expense—governmental activities	\$ 7,860,319
Business-type activities—water and sewer	\$ 1,723,638

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 4. CAPITAL ASSETS – CONTINUED

Discretely Presented Component Units

Activity for the Economic Development Corporation for the year ended September 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Contributions to the City	Ending Balance
Capital assets—not being depreciated:					
Land	\$ 3,292,065	\$ -	\$ -	\$ -	\$ 3,292,065
Construction in progress	10,000	-	-	-	10,000
Total capital assets- not being depreciated	3,302,065	-	-	-	3,302,065
Capital assets—being depreciated:					
Leasehold improvements	312,971	-	-	-	312,971
Total capital assets being depreciated	312,971	-	-	-	312,971
Less accumulated depreciation for:					
Leasehold improvements	(173,262)	(24,420)	-	-	(197,682)
Total accumulated depreciation	(173,262)	(24,420)	-	-	(197,682)
Total capital assets being depreciated—net	139,709	(24,420)	-	-	115,289
EDC Capital assets—net	<u>\$ 3,441,774</u>	<u>\$ (24,420)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,417,354</u>

Activity for the Community Development Corporation for the year ended September 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Contributions to the City	Ending Balance
Capital assets—not being depreciated:					
Construction in progress	\$ 343,579	\$ 2,621,380	\$ -	\$ (18,534)	\$ 2,946,425

CDC capital assets are contributed to the City when completed.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers are used to a) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, b) to accumulate funds for the retirement of the Joe Pool liability, and c) cost allocations and other operational costs as determined by the City's annual budget. The transfer activity for the year ended September 30, 2016 is presented in the following schedule:

Transfers to	Transfer From			Total	
	General Fund	Enterprise Funds	Nonmajor Funds		
Primary government:					
Governmental activities:					
Major funds:					
Debt service fund	\$ -	\$ -	\$ 1,417,567	\$ 1,417,567	
Joe Pool fund	50,000	1,800,000	-	1,850,000	
General Obligation fund	-	-	137,294	137,294	
General fund	-	245,886	100,000	345,886	
Total major funds	50,000	2,045,886	1,654,861	3,750,747	
Nonmajor governmental funds	-	13,914	-	13,914	
Internal service funds	-	-	14,434	14,434	
Fiduciary funds	19,000	-	-	19,000	
Total primary government	\$ 69,000	\$ 2,059,800	\$ 1,669,295	\$ 3,798,095	

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, Joe Pool Obligation. The Nonmajor Capital Recovery Fund transferred funds to the Debt Service Fund for payment of debt service on qualifying infrastructure. The Landscape Beautification Fund (Nonmajor Funds) transferred funds to the General Fund to provide additional funds relating to rights-of-way mowing and litter control.

Eliminations

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

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, 2016:

	Balance October 1, 2015	Increases	Retirements/ Refundings	Balance September 30, 2016	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 61,812,760	\$ 16,480,000	\$ (14,372,000)	\$ 63,920,760	\$ 5,920,448
Certificates of obligation	11,420,000	-	(8,340,000)	3,080,000	670,000
Joe Pool obligation	<u>78,237,363</u>	<u>4,446,229</u>	<u>-</u>	<u>82,683,592</u>	<u>-</u>
 Total bonds payable	 151,470,123	 20,926,229	 (22,712,000)	 149,684,352	 6,590,448
Unamortized premiums	3,814,067	2,336,075	(760,222)	5,389,920	883,326
Compensated absences	4,458,230	2,268,984	(1,526,889)	5,200,325	1,404,701
OPEB liability	320,452	46,570	-	367,022	-
Net pension liability	<u>7,903,066</u>	<u>5,324,140</u>	<u>-</u>	<u>13,227,206</u>	<u>-</u>
 Total governmental long-term liabilities	 <u>167,965,938</u>	 <u>30,901,998</u>	 <u>(24,999,111)</u>	 <u>173,868,825</u>	 <u>8,878,475</u>
 Business-type activities:					
Revenue bonds payable	4,375,000	-	(4,375,000)	-	-
General obligation bonds payable	4,182,240	3,510,000	(423,000)	7,269,240	659,552
Certificates of obligation bonds payable	7,035,000	-	(40,000)	6,995,000	435,000
Unamortized premiums	710,622	463,051	(130,332)	1,043,341	165,919
Compensated absences	216,110	145,507	(145,747)	215,870	140,316
Net pension liability	781,622	561,494	-	1,343,116	-
OPEB liability	<u>46,565</u>	<u>9,044</u>	<u>-</u>	<u>55,609</u>	<u>-</u>
 Total business-type long-term liabilities	 <u>17,347,159</u>	 <u>4,689,096</u>	 <u>(5,114,079)</u>	 <u>16,922,176</u>	 <u>1,400,787</u>
 Total primary government long-term liabilities	 <u>\$ 185,313,097</u>	 <u>\$ 35,591,094</u>	 <u>\$ (30,113,190)</u>	 <u>\$ 190,791,001</u>	 <u>\$ 10,279,262</u>

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

General Long-Term Liabilities

General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2016, consist of the following individual issues:

	Interest Rates	Balance September 30, 2016
General obligation bonds:		
Governmental activities:		
\$8,665,000 2007 General Obligation Bonds, due February 15, 2027 <i>(Split 54% to 46% between governmental and business-type activities)</i>	4.00%- 5.00%	405,000
\$7,500,000 2008 General Obligation Bonds, due February 15, 2028	3.375%-4.875%	685,000
\$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019 <i>(Split 54% to 46% between governmental and business-type activities)</i>	2.81%	790,760
\$14,630,000 2011 General Obligation Refunding Bonds, due February 15, 2028	3.00%-5.00%	10,605,000
\$9,040,000 2012 General Obligation Refunding Bonds, due Feb.15,2029 <i>(Split 79% to 21% between governmental and business-type activities)</i>	.2%-3%	6,890,000
\$6,040,000 2013 General Obligation Refunding Bonds, due Feb.15,2028 <i>(Split 85% to 15% between governmental and business-type activities)</i>	2.00%-4.00%	4,650,000
\$3,140,000 2014 General Obligation Refunding Bonds, due Feb.15,2019 <i>(Split 93% to 7% between governmental and business-type activities)</i>	.360%-1.770%	1,945,000
\$24,055,000 2015 General Obligation Refunding and Imprvm't Bonds, due Feb. 15, 2035 <i>(Split 93% to 7% between governmental and business-type activities)</i>	.5% - 3.51%	21,470,000
\$19,990,000 2016 General Obligation Refunding and Imprvm't Bonds, due Feb. 15, 2028 <i>(Split 82.4% to 17.6% between governmental and business-type activities)</i>	3.00%-5%	16,480,000
Total governmental activities - general obligation bonds		\$ 63,920,760
Business-type activities:		
\$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019 <i>(Split 54% to 46% between governmental and business-type activities)</i>	2.81%	679,240
\$6,040,000 2013 General Obligation Refunding Bonds, due Feb.15,2024 <i>(Split 79% to 21% between governmental and business-type activities)</i>	2.00%-4.00%	1,275,000
\$3,140,000 2014 General Obligation Refunding Bonds, due Feb.15,2019 <i>(Split 85% to 15% between governmental and business-type activities)</i>	.360%-1.770%	155,000
\$24,055,000 2015 General Obligation Refunding and Imprvm't Bonds, due Feb. 15, 2035 <i>(Split 93% to 7% between governmental and business-type activities)</i>	.5% - 3.51%	1,650,000
\$19,990,000 2016 General Obligation Refunding and Imprvm't Bonds, due Feb. 15, 2028 <i>(Split 82.4% to 17.6% between governmental and business-type activities)</i>	3.00%-5%	3,510,000
Total business-type activities - general obligation bonds		\$ 7,269,240
Total general obligation bonds		\$ 71,190,000
Certificate of obligation bonds:		
Governmental activities:		
\$2,275,000 2007 Certificates of Obligation, due February 15, 2027 <i>(Split 54% to 46% between governmental and business-type activities)</i>	4.00%-4.50%	100,000
\$8,590,000 2008 Certificates of Obligation, due February 15, 2028	4.00%-4.25%	400,000
\$2,065,000 2013 Certificates of Obligation, due February 15, 2022	2.00%-3.00%	1,700,000
\$1,730,000 2015 Certificates of Obligation, due February 15, 2029 <i>(Split 54% to 46% between governmental and business-type activities)</i>	2.00%-4.00%	880,000
Total governmental activities		\$ 3,080,000
Business-type activities:		
\$6,235,000 2014 Certificates of Obligation, due February 15, 2029 <i>(Split 54% to 46% between governmental and business-type activities)</i>	2.75%-3.75%	\$ 6,235,000
\$1,730,000 2015 Certificates of Obligation, due February 15, 2029	2.00%-4.00%	760,000
Total business-type activities		\$ 6,995,000
Total certificate of obligation bonds		\$ 10,075,000

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

General Long-Term Liabilities – Continued

Annual requirements to amortize the long-term debt as of September 30, 2016, are as follows:

Year Ending September 30	Governmental Activities					
	General Obligation Bonds		Certificates of Obligation Bonds		Joe Pool Lake Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	5,675,448	2,386,078	670,000	94,550	-	-
2018	6,268,517	2,225,019	175,000	80,600	-	-
2019	5,981,795	2,004,142	175,000	76,288	-	-
2020	6,110,000	1,765,998	185,000	70,925	-	-
2021	5,740,000	1,529,594	190,000	64,750	-	-
2022-2026	25,740,000	4,289,594	1,050,000	222,063	-	-
2027-2031	6,300,000	885,359	635,000	38,100	-	-
2032-2036	2,105,000	216,875	-	-	82,683,592	356,601,082
Total principal and interest	<u>\$ 63,920,760</u>	<u>\$ 15,302,659</u>	<u>\$ 3,080,000</u>	<u>\$ 647,277</u>	<u>\$ 82,683,592</u>	<u>\$ 356,601,082</u>

Year Ending September 30	Business-Type Activities					
	Revenue Bonds		General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ -	\$ -	\$ 814,552	\$ 267,843	\$ 435,000	\$ 219,363
2018	-	-	846,483	245,106	450,000	206,088
2019	-	-	693,205	215,916	465,000	192,363
2020	-	-	605,000	188,575	475,000	178,038
2021	-	-	625,000	162,800	495,000	161,900
2022-2026	-	-	3,135,000	403,650	2,745,000	538,481
2027-2031	-	-	550,000	13,800	1,930,000	104,031
Total principal and interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,269,240</u>	<u>\$ 1,497,690</u>	<u>\$ 6,995,000</u>	<u>\$ 1,600,264</u>

Revenue Bond Compliance

The revenue bonds outstanding during the year were advanced refunded and the City no longer has any pure revenue bonds outstanding and any corresponding restricting bond covenants.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

Debt Refunding

During the year ended September 30, 2016, the City issued \$19,990,000 General Obligation Refunding and Improvement Bonds Series 2016, of which \$3,510,000 is included as part of business-type activities. Net proceeds from the sale, including a \$279,353 issuer contribution, totaled \$23,068,480. Of these proceeds, \$21,323,132 was placed with an escrow agent to provide for all future debt payments of the refunded bonds.

This refunding resulted in a decrease in the City's debt service payments of \$3,236,568 which resulted in an economic gain (difference between the present value of debt service payments of the old debt and new debt) of \$290,890.

As a result of this transaction, \$9,635,000 of general obligation bonds and \$6,975,000 of combination tax and revenue certificates of obligation of governmental activities, and \$3,970,000 of revenue bonds of business-type activities were refunded and are considered legally defeased. As such, they are no longer included as liabilities in the City's basic financial statements.

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued sick and vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

Joe Pool Obligation

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, is \$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 \$4,207,138 for the interest accrued and not paid for year ended September 30, 2016, which

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

increased the long-term debt liability to the current balance of \$82,683,592. As allowed by the agreement, the City opted not to make annual payments but is accruing interest until the liability is paid. The City has been accumulating funds to satisfy the contract liability on or before the maturity date.

Component Units

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

	Balance October 1, 2015			Balance September 30, 2016		Due Within One Year
		Increases	Retirements			
Governmental activities:						
Compensated absences	\$ 87,211	\$ 80,384	\$ (79,975)	\$ 87,620	\$ 56,953	
OPEB liability	32,078	6,230	-	38,308		-
Total long-term liabilities	\$ 119,289	\$ 86,614	\$ (79,975)	\$ 125,928	\$ 56,953	

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

	Balance October 1, 2015			Balance September 30, 2016		Due Within One Year
		Increases	Retirements			
Compensated absences						
Compensated absences	\$ 94,329	\$ 43,365	\$ (51,683)	\$ 86,011	\$ 30,104	
OPEB liability	3,104	603	-	3,707		-
Total long-term liabilities	\$ 97,433	\$ 43,968	\$ (51,683)	\$ 89,718	\$ 30,104	

In fiscal year 2006, the EDC entered into an agreement with the City to provide funds to amortize the City's \$12,890,000 Certificates of Obligation and related interest for the construction of roads and drainage facilities to support the Uptown Village retail center.

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

Cedar Hill Industrial Development Corporation

The Cedar Hill Industrial Development Corporation (CHIDC) was organized in December 1979 by the City under the Development Corporation Act of 1979. CHIDC issues tax-exempt revenue bonds for the development of local industry to secure the advantages of balanced and increased employment and an improved economic position, and to provide

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 6. LONG-TERM OBLIGATIONS – CONTINUED

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, 2016, 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; employee health benefits; and other claims of various natures. The City purchases commercial liability insurance to indemnify it in event of loss. For the past three years, settlements have not exceeded coverage(s).

NOTE 8. COMMITMENTS AND CONTINGENCIES

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, 2015 to September 30, 2016	\$ 7,204,111
TRA adjustment for prior-year settlement	<u>(1,080,908)</u>
Sewage treatment and water system facility expenses	<u>\$ 6,123,203</u>

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is engaged in capital improvements as evidenced by its long-term indebtedness. At September 30, 2016, capital funds were on hand sufficient to satisfy all contractual commitments for capital improvements in progress. The most significant contract liability is the City's Mansfield Road Improvement Project which had an outstanding amount of approximately \$8,200,000.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 8. COMMITMENTS AND CONTINGENCIES – CONTINUED

The City periodically is a defendant in various lawsuits. At September 30, 2016, after consultation with the City's attorney, the City is not aware of any pending litigation with a material impact.

The City contracts for garbage disposal with a third party. Under the terms of the agreement the City bills and collects the residential billing and remits that amount to the contracting party. The contractor bills the commercial customers and remits a franchise fee to the City based on total revenues received from the contract

The Cedar Hill Economic Development Corporation provides monetary incentives to companies to relocate and provide employment opportunities within the City of Cedar Hill. At September 30, 2016, these commitments totaled approximately \$1,488,612 and are only paid when provisions of incentive agreements are fulfilled.

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Plan Descriptions

The City of Cedar Hill participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained via their website (www.tmrs.com).

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Benefits Provided - Continued

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

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 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.

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	137
Inactive employees entitled but not yet receiving benefits	128
Active Employees	<u>324</u>
Total	<u>589</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City's matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Contributions - Continued

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.30% and 12.75% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016 were \$2,530,362 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75% net pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, which male rates multiplied by 109% and female rate multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Actuarial Assumptions – Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5 %	4.55 %
International Equity	17.5	6.10
Core Fixed Income	10.0	1.00
Non-Core Fixed Income	20.0	3.65
Real Return	10.0	4.03
Real Estate	10.0	5.00
Absolute Return	10.0	4.00
Private Equity	5.0	8.00
Total	<u>100.0%</u>	

Discount Rate

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	\$ 81,209,311	\$ 72,524,623	\$ 8,684,688
Changes for the year:			
Service Cost	3,080,700	-	3,080,700
Interest	5,693,839	-	5,693,839
Change of benefit terms	-	-	-
Difference between expected and actual experience	262,001	-	262,001
Changes of assumptions	765,043	-	765,043
Contributions - employer	-	2,530,362	(2,530,362)
Contributions - employee	-	1,346,965	(1,346,965)
Net investment income	-	107,024	(107,024)
Benefit payments, including refunds of employee contributions	(2,818,217)	(2,818,217)	-
Administrative expense	-	(65,183)	65,183
Other charges	-	(3,219)	3,219
Net Changes	<u>6,983,366</u>	<u>1,097,732</u>	<u>5,885,634</u>
Balance at December 31, 2015	<u>\$ 88,192,677</u>	<u>\$ 73,622,355</u>	<u>\$ 14,570,322</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 7.0% , as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.0%) or 1 percentage-point higher (8.0%):

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 28,351,004	\$ 14,570,322	\$ 3,372,991

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained at www.tmrs.com.

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

For the year ended September 30, 2016, the City recognized pension expense of \$3,717,999. At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 211,809	\$ (215,767)
Changes in actuarial assumptions	618,483	-
Differences between projected and actual investment earnings	4,491,138	-
Contributions subsequent the measurement date	<u>1,953,233</u>	<u>-</u>
 Total	 <u>\$ 7,274,663</u>	 <u>\$ (215,767)</u>

The \$7,274,664 reported as deferred outflows of resources related to pensions resulted from contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended Sept. 30:</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2017	1,298,747
2018	1,298,746
2019	1,166,138
2020	<u>43,284</u>
	 <u>\$ 3,806,915</u>

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Supplemental Death Benefit Fund

The City contributes to a cost-sharing multiple-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a separate trust administered by the TMRS Board of Trustees and is a voluntary program in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Contributions are made monthly based on the covered payroll of employee members of the City. The contractually required contribution rate is determined annually, and the rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund described above. The TMRS Act requires the Pension Trust Fund to allocate investment income to the SDBF on an annual basis. The funding policy of the plan is to assure adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active members deaths on a pay-as-you go basis; any excess contributions and investment income over payments then become net position available for postemployment benefits other than pension benefits (OPEB). The City's contributions to SDBF for the fiscal years ended September 30, 2016, 2015, and 2014, were \$31,181, 28,651 and \$28,657, respectively, which equaled the required contributions each year.

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

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

The funding policy of the plan is to assure adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you go basis;

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

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 service per year as a police reserve. Under the plan, the normal retirement age is 55 with ten years of service required. Service is measured by years of service. The reserve officers are not required to contribute to the plan. The normal retirement pension payable to a retirement participant is \$144 per month with a guaranteed minimum of 120 months. Participants are 100% vested with a minimum of ten years of vesting service. A year of vesting is credited for each year during which the participant is credited with 192 hours of service. As of September 30, 2016, the City had one active member of the plan and seven retirees receiving benefits. The plan is a single employer defined benefit plan. The plan does not prepare a separate, audited pension plan report.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

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

1. The retiree must have been covered for medical benefits under the City Health Plan as an employee immediately prior to termination of employment.
2. The retiree must apply for pension benefits from TMRS in accordance with TMRS requirements and deadlines.
3. The retiree must enroll for retiree health coverage within thirty-one days of the date of termination.

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

As of September 30, 2016, membership consisted of:

Retirees and beneficiaries receiving benefits	8
Terminated employees eligible for benefits, but not yet enrolled	-
Active employees	<u>320</u>
Total	<u>328</u>

C. Funding Policy

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving medical benefits contribute as follows:

<u>Coverage</u>	Premiums Paid By Employee	
	(November 1, 2015 to October 31, 2016)	
	<u>Base Plan</u>	<u>Buy-Up Plan</u>
Employee Only	\$ 549	\$ 627
Employee & Spouse	\$ 1,043	\$ 1,191

The City is currently funding the OPEB liability on a pay-as-you-go basis. This basis has been recommended since 1) this provides the lowest cost approach and 2) the ARC is relatively small in comparison to the City's overall budget.

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

D. Annual OPEB Cost

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

	2014	2015	2016
Actual required contribution (ARC)	\$ 98,250	\$ 115,619	\$ 119,088
Interest on prior year net OPEB obligation	12,664	15,033	18,099
Adjustment to ARC	(11,733)	(13,928)	(16,768)
Annual OPEB cost	99,181	116,727	120,419
Contributions made	46,539	48,590	57,971
Increase in net OPEB obligation	52,642	68,134	62,448
Net Obligation – beginning of year	281,423	334,065	402,199
Net Obligation – end of year	<u>\$ 334,065</u>	<u>\$ 402,199</u>	<u>\$ 464,647</u>
Percentage of OPEB costs contributed	46.90%	41.60%	48.10%

The funded status of the plan as of actuarial measurement date of December 31, 2014, was as follows:

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
12/31/2014	\$0	\$999,476	\$999,476	0.0%	19,222,111	5.20%

E. Actuarial Methods and Assumptions

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 10. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

E. Actuarial Methods and Assumptions - Continued

In the December 31, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% per annum investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.25% initially, reduced by decrements to an ultimate rate of 4.50% after fourteen years. The rate of inflation is assumed to be 3.00% per annum. The amortization method used was level percentage of active member payroll. The amortization period is 30-year using an open basis.

Actuarial valuations involve estimates of the value of reported amounts and assumptions and probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information (following the notes to the financial statements) presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11. REGIONAL DISPATCH CENTER

The City of Cedar Hill ("the City") entered into an annually renewable Interlocal Cooperation agreement ("the agreement") with the Cities of DeSoto and Duncanville (participating cities) on August 10, 1999 and said agreement was amended on December 29, 2011 and December 8, 2015. The cooperative agreement established a Regional Public Safety Dispatch and Alarm Monitoring Facility known as the Southwest Regional Communication Center ("SWRCC"). SWRCC provides police, fire and emergency medical service communications to participating cities. SWRCC's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2016 the cooperative agreement was amended as dated above to direct each participating entity to have all E911 emergency communication fees ("E911 fees") deposited to an account styled as the City of DeSoto SWRCC. The City of DeSoto provides the accounting and budgetary services for the SWRCC. E911 fees during the fiscal year that went direct to SWRCC on behalf of the City were \$359,128. The City contributed \$477,000 to the operations of the Center from budgeted funds as accounted for in the general fund and the crime control and prevention district fund.

The City has a one-third share in the equity of the Center, which is included in the government-wide statement of net position as other assets. At September 30, 2016, the City's investment in the Center is \$147,324. The financial statements of the Center can be obtained by contacting: City of DeSoto Finance Department, 211 E. Pleasant Run Rd., DeSoto, TX 75115.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

NOTE 12. REGIONAL ANIMAL CONTROL SHELTER

The City entered into an Interlocal Cooperation Agreement with the Cities of DeSoto and Duncanville on September 3, 1991 to establish a Regional Animal Control Shelter facility ("the facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. The City owns a one-third (1/3) share of the facility and is reflected in capital assets. In January 2008, the City issued, in its name, \$2,040,000 of bonds to finance the construction of a new animal control shelter. Combined principal and interest of the obligation totaled \$3,064,113. Although, the entire outstanding principal is reflected in the City's financials, the City of Duncanville and the City of Desoto are each committed to pay one third of that total debt or \$1,021,371 over twenty years starting in fiscal year 2009. The total outstanding debt service commitment from all three entities as of September 30, 2016 is \$1,092,945.

NOTE 13. SUBSEQUENT EVENTS

The Cedar Hill Economic Development Corporation (the "Corporation") finalized and closed on a contract for the sale of a parcel of land within 60 days of the close of the fiscal year ended September 30, 2016. The sale resulted in a gain to the Corporation in the amount of \$749,575 and the removal of a deposit held in escrow in the amount of \$17,500 on the pending contract for sale. The result of the sale will put the parcel of property back on the City's taxable property values.

S612, the Water Infrastructure Improvements for the Nation (WIIN) Act (the "Act") was signed into law on December 16, 2016. The Act reduced the obligation of the Trinity River Authority of Texas ("TRA") to the United States related to water supply storage space in the Joe Pool Lake (Reservoir). On September 30, 2016 the long-term contractual liability of the City of Cedar Hill to TRA associated with the City's water rights in Joe Pool Lake was \$82,683,592. On December 21, 2016 the City wired funds to TRA in the amount of \$40,543,911 in full satisfaction of its contractual obligation relating to Joe Pool Lake consistent with the provisions of the Act.

The City has evaluated all events or transactions that occurred after September 30, 2016 and up through March 27, 2017, the date the financial statements were available to be issued and concludes there are no other subsequent events requiring recognition or disclosure.



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

REQUIRED SUPPLEMENTARY INFORMATION



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

CITY OF CEDAR HILL, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS (LAST 10 YEARS) - TMRS PLAN (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT E-1

	2015	2014
Total pension liability		
Service Cost	\$ 3,080,700	\$ 2,863,004
Interest (on the Total Pension Liability)	5,693,839	5,318,311
Changes of benefit terms	-	-
Difference between expected and actual experiences	262,001	(343,244)
Change of assumptions	765,043	-
Benefit payments, including refunds of employee contributions	<u>(2,818,217)</u>	<u>(2,346,249)</u>
Net Change in Total Pension Liability	6,983,366	5,491,822
Total Pension Liability-Beginning	<u>81,209,311</u>	<u>75,717,489</u>
Total Pension Liability Ending (A)	<u><u>\$ 88,192,677</u></u>	<u><u>\$ 81,209,311</u></u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 2,530,362	\$ 2,555,283
Contributions - Employee	1,346,965	1,347,260
Net Investment Income	107,024	3,842,858
Benefit payments, including refunds of employee contributions	(2,818,217)	(2,346,249)
Administrative Expense	(65,183)	(40,117)
Other	<u>(3,219)</u>	<u>(3,298)</u>
Net Change in Plan Fiduciary Net Position	1,097,732	5,355,737
Plan Fiduciary Net Position - Beginning	<u>72,524,623</u>	<u>67,168,886</u>
Plan Fiduciary Net Position - Ending (B)	<u><u>\$ 73,622,355</u></u>	<u><u>\$ 72,524,623</u></u>
Net Pension Liability - Ending (A-B)	<u><u>\$ 14,570,322</u></u>	<u><u>\$ 8,684,688</u></u>
Plan Fiduciary Net Position as Percentage of Total Pension Liability	83.48%	89.31%
Covered Employee Payroll	\$ 19,242,351	\$ 19,246,797
Net Pension Liability as a Percentage of Covered Employee Payroll	75.72%	45.12%

Note: The City implemented GASB 68 in FY 2015, therefore the required information for this schedule will be built over the next eight years.

CITY OF CEDAR HILL, TEXAS
SCHEDULE OF CONTRIBUTIONS – TMRS PLAN (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT E-2

Schedule of Contributions

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 2,530,362	\$ 2,516,536	\$ 2,299,513
Contributions in relation to the actuarially determined contribution	<u>(2,530,362)</u>	<u>(2,516,536)</u>	<u>(2,299,513)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered employee payroll	 \$ 19,242,351	 \$ 18,921,325	 \$ 17,701,812
Contributions as a percentage of covered employee payroll	13.15%	13.30%	12.99%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen months later.

Notes

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	26 years, Closed
Asset Valuation Method	10 Year smoothed market, 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009.

Mortality

RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes

There were no benefit changes during the year.

Note: The City implemented GASB 68 in FY 2015, therefore the required information for this schedule will be built over the next eight years.

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

EXHIBIT E-3

Fiscal Year	(1) Actuarial value of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1) / (2)	(4) Unfunded Actuarial Accrued Liability (2) - (1)		(5) Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
				Actuarial Liability	Annual Payroll		
2010	-	\$ 1,078,762	0.0%	\$ 1,078,762	\$ 17,131,245		6.3%
2011	-	\$ 931,907	0.0%	\$ 931,907	\$ 17,883,868		5.2%
2012	-	\$ 931,907	0.0%	\$ 931,907	\$ 16,718,591		5.6%
2013	-	\$ 848,853	0.0%	\$ 848,853	\$ 17,212,541		4.9%
2014	-	\$ 848,853	0.0%	\$ 848,853	\$ 17,701,812		4.8%
2015	-	\$ 999,476	0.0%	\$ 999,476	\$ 19,222,111		5.2%
2016	-	\$ 999,476	0.0%	\$ 999,476	\$ 20,787,053		4.8%

**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, 2016**

EXHIBIT E-4

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amount	
REVENUES				
Taxes	\$ 22,913,400	\$ 22,913,400	\$ 22,955,603	\$ 42,203
Franchise fees	3,418,595	3,418,595	3,386,976	(31,619)
Licenses and permits	785,900	785,900	778,437	(7,463)
Intergovernmental	37,800	37,800	342,552	304,752
Charges for services	2,591,270	2,591,270	2,463,122	(128,148)
Fines and forfeitures	1,287,500	1,287,500	1,090,483	(197,017)
Investment earnings	49,250	49,250	42,893	(6,357)
Miscellaneous	398,700	398,700	363,167	(35,533)
Total revenues	<u>31,482,415</u>	<u>31,482,415</u>	<u>31,423,233</u>	<u>(59,182)</u>
EXPENDITURES				
Current Expenditures:				
General administration	5,273,335	5,273,335	4,948,939	324,396
Public works	2,072,805	2,072,805	2,028,592	44,213
Public safety	20,097,715	20,097,715	20,343,131	(245,416)
Community services	4,219,125	4,219,125	4,304,196	(85,071)
Capital Expenditures:				
Public safety	41,785	41,785	38,213	3,572
Total expenditures	<u>31,704,765</u>	<u>31,704,765</u>	<u>31,663,071</u>	<u>41,694</u>
Excess (deficiency) of revenues over expenditures	<u>(222,350)</u>	<u>(222,350)</u>	<u>(239,838)</u>	<u>(17,488)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	245,885	245,885	345,886	(100,001)
Transfer out	(69,000)	(69,000)	(69,000)	-
Total other financing sources (uses)	<u>\$ 176,885</u>	<u>\$ 176,885</u>	<u>\$ 276,886</u>	<u>\$ (100,001)</u>
Net change in fund balances	<u>(45,465)</u>	<u>(45,465)</u>	<u>37,048</u>	<u>(117,489)</u>
Fund balances, beginning of year			<u>9,141,552</u>	
Fund balances, end of year			<u>\$ 9,178,600</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, 2016**

EXHIBIT E-5

	Original	Final	Actual	Variance with Final Budget- Positive (Negative)
REVENUES-Investment earnings	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,316,236</u>	<u>\$ (683,764)</u>
Total revenues	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,316,236</u>	<u>(683,764)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,850,000</u>	<u>1,850,000</u>	<u>1,850,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ 3,850,000</u>	<u>\$ 3,850,000</u>	<u>3,166,236</u>	<u>\$ (683,764)</u>
FUND BALANCE-Beginning of year			<u>55,522,985</u>	
FUND BALANCE-End of year			<u>\$ 58,689,221</u>	

CITY OF CEDAR HILL, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2016

1. BUDGETARY INFORMATION

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

1. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
4. The City Manager has the authority to transfer appropriation balances from one expenditure account to another within a single fund. The City Council, however, must approve any transfer of unencumbered appropriation balances or portions thereof from one fund to another as well as any increases in fund appropriations. All appropriations lapse at the end of the fiscal year.
5. Annual budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets were not adopted for the Community Development Block Grant fund and the PEG fund.
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, 2016

Nonmajor Special Revenue Funds					
	Capital Recovery	Police Forfeiture	Hotel Occupancy	Library Fund	Comm. Dev. Block Grant
ASSETS					
Cash and cash equivalents	\$ 4,174,170	\$ 107,699	\$ 815,298	\$ 123,342	\$ -
Receivables (net, where applicable, of allowances for uncollectibles)	406	-	12,717	-	-
Prepaid items	-	-	549	-	-
Total assets	\$ 4,174,576	\$ 107,699	\$ 828,564	\$ 123,342	\$ -
LIABILITIES					
Accounts payable	\$ -	\$ 1,377	\$ 1,343	\$ 196	\$ -
Accrued liabilities	-	38,793	5,032	-	-
Total liabilities	-	40,170	6,375	196	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCES					
Nonspendable- prepaids and inventory	-	-	549	-	-
Restricted for:					
Construction	4,174,576	-	-	-	-
PID use	-	-	-	-	-
Tourism	-	-	821,640	-	-
Police	-	67,529	-	-	-
Committed for:					
Library	-	-	-	123,146	-
Landscaping	-	-	-	-	-
Construction	-	-	-	-	-
Building maintenance	-	-	-	-	-
Total fund balances	4,174,576	67,529	822,189	123,146	-
Total liabilities and fund balances	\$ 4,174,576	\$ 107,699	\$ 828,564	\$ 123,342	\$ -

EXHIBIT F-1 (CONTINUED)

Nonmajor Special Revenue Funds

High Pointe PID	Waterford Oaks PID	Traffic Safety	PEG	Crime Control	Landscape Beautification	Total Nonmajor Special Revenue Funds
\$ 65,313	\$ 193,482	\$ 726,017	\$ 400,893	\$ 208,303	\$ 897,114	\$ 7,711,631
7,552	6,218	-	24,532	161,980	574,315	787,720
-	-	-	-	5,675	-	6,224
<u>\$ 72,865</u>	<u>\$ 199,700</u>	<u>\$ 726,017</u>	<u>\$ 425,425</u>	<u>\$ 375,958</u>	<u>\$ 1,471,429</u>	<u>\$ 8,505,575</u>
\$ 13,910	\$ 9,881	\$ 60,296	\$ -	\$ 3,023	\$ 175,989	\$ 266,015
-	-	187,527	-	59,013	17,488	307,853
13,910	9,881	247,823	-	62,036	193,477	573,868
7,552	1,880	-	-	-	-	9,432
7,552	1,880	-	-	-	-	9,432
-	-	-	-	5,675	-	6,224
51,403	187,939	-	425,425	308,247	-	4,908,248
-	-	-	-	-	-	239,342
-	-	-	-	-	-	821,640
-	-	478,194	-	-	-	545,723
-	-	-	-	-	-	123,146
-	-	-	-	-	1,277,952	1,277,952
-	-	-	-	-	-	-
-	-	-	-	-	-	-
51,403	187,939	478,194	425,425	313,922	1,277,952	7,922,275
<u>\$ 72,865</u>	<u>\$ 199,700</u>	<u>\$ 726,017</u>	<u>\$ 425,425</u>	<u>\$ 375,958</u>	<u>\$ 1,471,429</u>	<u>\$ 8,505,575</u>

**CITY OF CEDAR HILL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2016**

	Nonmajor Capital Projects		
	Certificates of Obligation	Park Development	Restricted Street
ASSETS			
Cash and cash equivalents	\$ 2,088,638	\$ 497,998	\$ 365,174
Receivables (net, where applicable, of allowances for uncollectibles)	240	-	-
Prepaid items	-	-	-
Total assets	\$ 2,088,878	\$ 497,998	\$ 365,174
LIABILITIES			
Accounts payable	\$ 28,987	\$ -	\$ -
Accrued liabilities	-	-	-
Total liabilities	28,987	-	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	-	-	-
Total deferred inflows of resources	-	-	-
FUND BALANCES			
Nonspendable- prepaids and inventory	-	-	-
Restricted for:			
Construction	2,059,891	497,998	365,174
PID use	-	-	-
Tourism	-	-	-
Police	-	-	-
Committed for:			
Library	-	-	-
Landscaping	-	-	-
Construction	-	-	-
Building maintenance	-	-	-
Total fund balances	2,059,891	497,998	365,174
Total liabilities and fund balances	\$ 2,088,878	\$ 497,998	\$ 365,174

EXHIBIT F-1 (CONCLUDED)

Nonmajor Capital Projects						Total
Street Construction	Building Maintenance	Drainage	Regional Drainage	Total Capital Project funds	Nonmajor funds	Total Nonmajor funds
\$ 1,179,669	\$ 194,232	\$ 549,865	\$ 90,261	\$ 4,965,837	\$ 12,677,468	
157	-	-	-	397	788,117	
-	-	-	-	-	6,224	
\$ 1,179,826	\$ 194,232	\$ 549,865	\$ 90,261	\$ 4,966,234	\$ 13,471,809	
\$ -	\$ -	\$ -	\$ -	\$ 28,987	\$ 295,002	
-	-	-	-	-	307,853	
-	-	-	-	28,987	602,855	
-	-	-	-	-	9,432	
-	-	-	-	-	9,432	
-	-	-	-	-	6,224	
-	-	-	-	2,923,063	7,831,311	
-	-	-	-	-	239,342	
-	-	-	-	-	821,640	
-	-	-	-	-	545,723	
-	-	-	-	-	-	
-	-	-	-	-	123,146	
-	-	-	-	-	1,277,952	
1,179,826	-	549,865	90,261	1,819,952	1,819,952	
-	194,232	-	-	194,232	194,232	
1,179,826	194,232	549,865	90,261	4,937,247	12,859,522	
\$ 1,179,826	\$ 194,232	\$ 549,865	\$ 90,261	\$ 4,966,234	\$ 13,471,809	

CITY OF CEDAR HILL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Nonmajor Special Revenue Funds					
	Capital Recovery	Police Forfeiture	Hotel Occupancy	Library Fund	Comm. Dev. Block Grant
REVENUES:					
Taxes	\$ -	\$ -	\$ 223,330	\$ -	\$ -
Franchise taxes	-	-	-	-	-
Intergovernmental	-	-	-	9,000	8,262
Charges for services	-	-	-	-	-
Fines and forfeits	-	7,012	-	-	-
Investment earnings	23,605	369	3,160	494	-
Miscellaneous	220,820	-	-	48,203	-
Total revenues	244,425	7,381	226,490	57,697	8,262
EXPENDITURES					
Current:					
General administration	-	-	-	-	-
Public works	-	-	-	-	8,262
Public safety	-	5,485	-	-	-
Community services	-	-	241,196	41,606	-
Capital outlay					
Public works	-	-	-	-	-
Community services	-	-	-	-	-
Total expenditures	-	5,485	241,196	41,606	8,262
Excess (deficiency) of revenues over expenditures	244,425	1,896	(14,706)	16,091	-
Other Financing Sources (Uses)					
Transfer In	-	-	-	-	13,914
Transfer Out	(1,417,567)	-	-	(14,434)	-
Total Financing Sources (Uses)	(1,417,567)	-	-	(14,434)	13,914
Changes in Fund Balance	(1,173,142)	1,896	(14,706)	1,657	13,914
Fund balances, beginning of year	5,347,718	65,633	836,895	121,489	(13,914)
Fund balances, end of year	\$ 4,174,576	\$ 67,529	\$ 822,189	\$ 123,146	\$ -

EXHIBIT F-2 (CONTINUED)

Nonmajor Special Revenue Funds

High Pointe PID	Waterford Oaks PID	Traffic Safety	PEG	Crime Control	Landscape Beautification	Total Nonmajor Special Revenue Funds
\$ 342,697	\$ 115,606	\$ -	\$ -	\$ 940,477	\$ -	\$ 1,622,110
-	-	-	78,992	-	-	78,992
20,000	2,340	-	-	-	-	39,602
-	-	-	-	-	2,169,478	2,169,478
-	-	662,815	-	-	-	669,827
551	1,007	2,595	1,401	671	4,885	38,738
3,193	29,337	-	-	2,500	92,608	396,661
366,441	148,290	665,410	80,393	943,648	2,266,971	5,015,408
<hr/>						
-	-	-	10,489	-	-	10,489
-	-	-	-	-	-	8,262
-	-	563,261	-	879,899	-	1,448,645
318,288	78,538	-	-	-	1,843,501	2,523,129
-	-	-	-	-	-	-
49,650	106,381	-	-	-	62,359	218,390
367,938	184,919	563,261	10,489	879,899	1,905,860	4,208,915
(1,497)	(36,629)	102,149	69,904	63,749	361,111	806,493
<hr/>						
-	-	-	-	-	-	13,914
-	-	(100,000)	-	-	(134,156)	(1,666,157)
-	-	(100,000)	-	-	(134,156)	(1,652,243)
(1,497)	(36,629)	2,149	69,904	63,749	226,955	(845,750)
52,900	224,568	476,045	355,521	250,173	1,050,997	8,768,025
\$ 51,403	\$ 187,939	\$ 478,194	\$ 425,425	\$ 313,922	\$ 1,277,952	\$ 7,922,275

CITY OF CEDAR HILL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Nonmajor Capital Projects			
	Certificates of Obligation	Park Development	Restricted Street
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Franchise taxes	- -	- -	- -
Intergovernmental	- -	- -	- -
Charges for services	- -	- -	- -
Fines and forfeits	- -	- -	- -
Investment earnings	13,645	2,000	1,433
Miscellaneous	- -	- -	- -
Total revenues	<u>13,645</u>	<u>2,000</u>	<u>1,433</u>
EXPENDITURES			
Current:			
General administration	- -	- -	- -
Public works	- -	- -	- -
Public safety	- -	- -	- -
Community Services	- 22,419	22,419	- -
Capital outlay			
Public works	983,886	- -	- -
Community Services	- -	- -	- -
Total expenditures	<u>983,886</u>	<u>22,419</u>	<u>- -</u>
Excess (deficiency) of revenues over expenditures	<u>(970,241)</u>	<u>(20,419)</u>	<u>1,433</u>
Other Financing Sources (Uses)			
Transfer In	- -	- -	- -
Transfer Out	<u>(3,138)</u>	- -	- -
Total Financing Sources (Uses)	<u>(3,138)</u>	<u>- -</u>	<u>- -</u>
Changes in Fund Balance	<u>(973,379)</u>	<u>(20,419)</u>	<u>1,433</u>
Fund balances, beginning of year	3,033,270	518,417	363,741
Fund balances, end of year	<u>\$ 2,059,891</u>	<u>\$ 497,998</u>	<u>\$ 365,174</u>

EXHIBIT F-2 (CONCLUDED)

Nonmajor Capital Projects						Total Nonmajor Capital Project Funds	Total Nonmajor Funds
Street Construction	Building Maintenance	Drainage	Regional Drainage				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,622,110	
-	-	-	-	-	-	78,992	
-	-	-	-	-	-	39,602	
-	-	-	-	-	-	2,169,478	
-	-	-	-	-	-	669,827	
6,594	736	2,158	354	26,920		65,658	
-	-	-	-	-	-	396,661	
6,594	736	2,158	354	26,920		5,042,328	
-	-	-	-	-	-	10,489	
-	-	-	-	-	-	8,262	
-	-	-	-	-	-	1,448,645	
-	-	-	-	22,419		2,545,548	
-	-	-	-	983,886		983,886	
-	-	-	-	-		218,390	
				1,006,305		5,215,220	
6,594	736	2,158	354	(979,385)		(172,892)	
-	-	-	-	-	-	13,914	
-	-	-	-	(3,138)		(1,669,295)	
-	-	-	-	(3,138)		(1,655,381)	
6,594	736	2,158	354	(982,523)		(1,828,273)	
1,173,232	193,496	547,707	89,907	5,919,770		14,687,795	
\$ 1,179,826	\$ 194,232	\$ 549,865	\$ 90,261	\$ 4,937,247		\$ 12,859,522	

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, 2016

EXHIBIT G-1

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 5,628,125	\$ 5,628,125	\$ 5,542,406	\$ (85,719)
Intergovernmental	1,917,430	1,917,430	1,917,430	-
Charges for services	100,946	100,946	100,946	-
Investment earnings	10,000	10,000	11,853	1,853
Total revenues	7,656,501	7,656,501	7,572,635	(83,866)
EXPENDITURES				
Principal retirement	6,137,000	6,137,000	6,102,000	35,000
Interest and fiscal agent charges	2,742,740	2,742,740	2,874,002	(131,262)
Total expenditures	8,879,740	8,879,740	8,976,002	(96,262)
Deficiency of revenues under expenditures	(1,223,239)	(1,223,239)	(1,403,367)	(180,128)
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	-	-	15,150,280	15,150,280
Refunding of long-term debt	-	-	(17,112,097)	(17,112,097)
Premium on issuance of debt	-	-	2,147,102	2,147,102
Transfers in	1,417,567	1,417,567	1,417,567	-
Total other financing sources (uses)	1,417,567	1,417,567	1,602,852	185,285
Net changes in fund balances	\$ 194,328	\$ 194,328	\$ 199,485	\$ 5,157
Fund balances, beginning of year			1,247,845	
Fund balances, end of year			\$ 1,447,330	

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, 2016

EXHIBIT G-2

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeits	\$ 18,000	\$ 18,000	\$ 7,012	\$ (10,988)
Investment earnings	300	300	369	69
Total revenues	18,300	18,300	7,381	(10,919)
EXPENDITURES				
Public safety	12,000	12,000	5,485	6,515
Total expenditures	12,000	12,000	5,485	6,515
Excess (deficiency) of revenues over (under) expenditures	6,300	6,300	1,896	(4,404)
Changes in fund balances	\$ 6,300	\$ 6,300	1,896	\$ (4,404)
Fund balances, beginning of year			65,633	
Fund balances, end of year			\$ 67,529	

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, 2016

EXHIBIT G-3

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 230,000	\$ 230,000	\$ 223,330	\$ (6,670)
Investment earnings	2,350	2,350	3,160	810
Total revenues	232,350	232,350	226,490	(5,860)
EXPENDITURES				
Community Services	237,485	237,485	241,196	(3,711)
Total expenditures	237,485	237,485	241,196	(3,711)
Excess of revenues over expenditures	(5,135)	(5,135)	(14,706)	(9,571)
Net changes in fund balances	\$ (5,135)	\$ (5,135)	(14,706)	\$ (9,571)
Fund balances, beginning of year			836,895	
Fund balances, end of year			\$ 822,189	

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, 2016

EXHIBIT G-4

	Budgeted Amounts			Variance with Final Budget - (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 9,000	\$ 9,000
Investment earnings	650	650	494	(156)
Miscellaneous revenue	10,000	10,000	48,203	38,203
Total revenues	10,650	10,650	57,697	47,047
EXPENDITURES				
Community Services	10,000	10,000	41,606	(31,606)
Total expenditures	10,000	10,000	41,606	(31,606)
Excess of (deficiency) revenues over (under) expenditures	650	650	16,091	15,441
OTHER FINANCING SOURCES (USES)				
Transfer out			(14,434)	-
Total other financing sources (uses)	-	-	(14,434)	-
Net changes in fund balances	\$ 650	\$ 650	1,657	\$ 1,007
Fund balances, beginning of year			121,489	
Fund balances, end of year			\$ 123,146	

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, 2016

EXHIBIT G-5

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Assessments	\$ 333,710	\$ 333,710	\$ 342,697	\$ 8,987
Intergovernmental	20,000	20,000	20,000	-
Investment earnings	500	500	551	51
Miscellaneous	500	500	3,193	2,693
Total revenues	354,710	354,710	366,441	11,731
EXPENDITURES				
Community service	309,710	309,710	318,288	(8,578)
Capital outlay	45,000	45,000	49,650	(4,650)
Total expenditures	354,710	354,710	367,938	(13,228)
Excess (deficiency) of revenues over (under) expenditures	-	-	(1,497)	(1,497)
Net changes in fund balances	\$ -	\$ -	(1,497)	\$ (1,497)
Fund balances, beginning of year			52,900	
Fund balances, end of year			\$ 51,403	

CITY OF CEDAR HILL, TEXAS
WATERFORD OAKS PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT G-6

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Assessments	\$ 110,000	\$ 110,000	\$ 115,606	\$ 5,606
Intergovernmental	2,300	2,300	2,340	40
Investment earnings	3,300	3,300	1,007	(2,293)
Miscellaneous	-	-	29,337	
Total revenues	115,600	115,600	148,290	3,353
EXPENDITURES				
Community service	74,500	74,500	78,538	(4,038)
Capital outlay	30,000	30,000	106,381	(76,381)
Total expenditures	104,500	104,500	184,919	(80,419)
Excess (deficiency) of revenues over (under) expenditures	11,100	11,100	(36,629)	(47,729)
Net changes in fund balances	\$ 11,100	\$ 11,100	(36,629)	\$ (47,729)
Fund balances, beginning of year			224,568	
Fund balances, end of year			\$ 187,939	

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, 2016

EXHIBIT G-7

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Fines and forfeits	\$ 600,000	\$ 600,000	\$ 662,815	\$ 62,815
Investment earnings	2,250	2,250	2,595	345
Total revenues	602,250	602,250	665,410	63,160
EXPENDITURES				
Public safety	583,530	583,530	563,261	20,269
Total expenditures	583,530	583,530	563,261	20,269
Excess (deficiency) of revenues over (under) expenditures	18,720	18,720	102,149	83,429
OTHER FINANCING SOURCES (USES)				
Transfer out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	(100,000)	(100,000)	(100,000)	-
Changes in fund balances	\$ 18,720	\$ 18,720	2,149	\$ 83,429
Fund balances, beginning of year			476,045	
Fund balances, end of year			\$ 478,194	

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, 2016

EXHIBIT G-8

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Charges for services	\$ 2,100,000	\$ 2,100,000	\$ 2,169,478	\$ 69,478
Investment earnings	5,200	5,200	4,885	(315)
Miscellaneous	100,000	100,000	92,608	(7,392)
Total revenues	2,205,200	2,205,200	2,266,971	61,771
EXPENDITURES				
Community service	1,850,000	1,850,000	1,843,501	6,499
Capital outlay	800,000	800,000	62,359	737,641
Total expenditures	2,650,000	2,650,000	1,905,860	744,140
Excess (deficiency) of revenues over (under) expenditures	(444,800)	(444,800)	361,111	805,911
OTHER FINANCING SOURCES (USES)				
Transfer out	100,000	100,000	(134,156)	-
Total other financing sources (uses)	100,000	100,000	(134,156)	-
Changes in fund balances	\$ (344,800)	\$ (344,800)	226,955	\$ 571,755
Fund balances, beginning of year			1,050,997	
Fund balances, end of year			\$ 1,277,952	

CITY OF CEDAR HILL, TEXAS
CRIME CONTROL AND PREVENTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2016

EXHIBIT G-9

	Budgeted Amounts			Variance with Final Budget -	
	Original	Final	Actual	Positive (Negative)	
REVENUES					
Taxes	\$ 928,885	\$ 928,885	\$ 940,477	\$ 11,592	-
Intergovernmental	-	-	-	-	-
Investment earnings	1,000	1,000	671	(329)	
Miscellaneous	2,500	2,500	2,500	-	-
Total revenues	932,385	932,385	943,648	11,263	
EXPENDITURES					
Public safety	897,235	897,235	879,899	17,336	
Total expenditures	897,235	897,235	879,899	17,336	
Excess (deficiency) of revenues over (under) expenditures	35,150	35,150	63,749	28,599	
Net changes in fund balances	\$ 35,150	\$ 35,150	63,749	\$ 28,599	
Fund balances, beginning of year			250,173		
Fund balances, end of year			\$ 313,922		

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
BALANCE SHEET
AS OF SEPTEMBER 30, 2016**

EXHIBIT H-1

	<u>Community Development Corporation</u>
ASSETS	
Equity in pooled cash and cash equivalents	\$ 6,868,608
Receivable:	
Taxes	656,459
Miscellaneous	(4,004)
Prepaid items	<u>12,280</u>
TOTAL ASSETS	<u><u>\$ 7,533,343</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	188,024
Accrued liabilities	87,030
Unearned revenue	46,013
Deposits	<u>61,338</u>
Total liabilities	<u><u>382,405</u></u>
FUND BALANCE	
Nonspendable	12,280
Unassigned	<u>7,138,658</u>
Total fund balance	<u><u>7,150,938</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 7,533,343</u></u>

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2016**

EXHIBIT H-2

TOTAL FUND BALANCES-Governmental funds \$ 7,150,938

Capital assets used in governmental activities are not financial resources and
are therefore not reported in the funds. 2,946,425

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:

Compensated absences	(87,620)
OPEB liability	<u>(38,308)</u>

TOTAL NET POSITION-Governmental activities \$ 9,971,435

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

EXHIBIT H-3

	Community Development Corporation
REVENUES:	
Taxes	\$ 3,814,948
Charges for services	697,565
Investment earnings	30,880
Miscellaneous	44,678
Total revenues	4,588,071
EXPENDITURES	
Current:	
Community services	3,014,525
Capital outlay:	
Community services	2,954,568
Total expenditures	5,969,093
Excess (deficiency) of revenues over expenditures	(1,381,022)
Changes in Fund Balance	(1,381,022)
Fund balances, beginning of year	8,531,960
Fund balances, end of year	\$ 7,150,938

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

EXHIBIT H-4

NET CHANGE IN FUND BALANCES -Total governmental funds	\$ (1,381,022)
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.	2,602,846
In governmental fund financial statements contributions of assets are not reported. In the government-wide financial statements, contributions of assets are reported as reductions in net position.	(6,639)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,215,185</u>

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
BALANCE SHEET
AS OF SEPTEMBER 30, 2016**

EXHIBIT H-5

	<u>Economic Development Corporation</u>
ASSETS	
Equity in pooled cash and cash equivalents	\$ 5,656,009
Investments	256,965
Receivable:	
Taxes	492,338
Interest	463
Prepaid items	<u>21,074</u>
TOTAL ASSETS	<u><u>\$ 6,426,849</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Current liabilities:	
Accounts payable	8,642
Accrued liabilities	25,718
Deposits	<u>17,500</u>
Total liabilities	<u>51,860</u>
FUND BALANCE	
Nonspendable	21,074
Unassigned	<u>6,353,915</u>
Total fund balance	<u>6,374,989</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 6,426,849</u></u>

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2016**

EXHIBIT H-6

TOTAL FUND BALANCES-Governmental funds	\$ 6,374,989
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	3,417,354
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:	
Compensated absences	(86,011)
OPEB liability	<u>(3,707)</u>
TOTAL NET POSITION-Governmental activities	<u>\$ 9,702,625</u>

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

EXHIBIT H-7

	Economic Development Corporation
REVENUES:	
Taxes	\$ 2,861,211
Charges for services	2,080
Investment earnings	23,943
Miscellaneous	570
	<hr/>
Total revenues	2,887,804
EXPENDITURES	
Current:	
Community services	1,735,757
Other:	
Community services	1,171,540
	<hr/>
Total expenditures	2,907,297
Excess (deficiency) of revenues over expenditures	(19,493)
Changes in Fund Balance	(19,493)
Fund balances, beginning of year	<hr/> 6,394,482
Fund balances, end of year	<hr/> \$ 6,374,989

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

EXHIBIT H-8

NET CHANGE IN FUND BALANCES-Total governmental funds \$ (19,493)

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

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.

(24,420)

Additions to vacation and sick liabilities are not shown in the fund financial statements.

The net effect of the current year increase is to decrease net position.

7,715

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (36,198)

**STATISTICAL SECTION
(UNAUDITED)**



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

STATISTICAL SECTION (Unaudited)

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

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

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

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

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

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

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

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

- 14 Demographic and economic statistics
- 15 Principal employers

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

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

CITY OF CEDAR HILL, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	2007	2008	2009	2010	2011
Governmental activities					
Invested in capital assets, net of related debt	\$ 71,700,728	\$ 50,450,265	\$ 44,383,937	\$ 72,409,924	\$ 72,596,207
Restricted	9,806,890	12,950,069	12,859,483	12,232,354	11,378,549
Unrestricted	15,582,011	38,339,323	41,778,292	12,564,824	14,718,473
Total governmental activities net position	\$ 97,089,629	\$ 101,739,657	\$ 99,021,712	\$ 97,207,102	\$ 98,693,229
Business-type activities					
Net investment in capital assets	\$ 43,490,027	\$ 47,492,002	\$ 47,740,514	\$ 46,312,862	\$ 45,512,376
Restricted	5,011,341	4,458,851	4,711,553	3,390,278	3,510,291
Unrestricted	4,505,699	4,698,477	3,994,709	3,951,962	3,690,340
Total business-type activities net position	\$ 53,007,067	\$ 56,649,330	\$ 56,446,776	\$ 53,655,102	\$ 52,713,007
Primary government					
Net investment in capital assets	\$ 115,190,755	\$ 97,942,267	\$ 92,124,451	\$ 118,722,786	\$ 118,108,583
Restricted	14,818,231	17,408,920	17,571,036	15,622,632	14,888,840
Unrestricted	20,087,710	43,037,800	45,773,001	16,516,786	18,408,813
Total primary government net position	\$ 150,096,696	\$ 158,388,987	\$ 155,468,488	\$ 150,862,204	\$ 151,406,236

Source: Comprehensive Annual Financial Reports

TABLE 1

2012	2013	2014	2015	2016
\$ 72,238,826	\$ 74,150,379	\$ 75,744,968	\$ 80,025,249	\$ 83,215,449
10,973,051	10,964,938	9,967,610	10,511,210	8,394,131
16,659,826	14,134,635	13,484,943	1,871,573	1,966,112
<u>\$ 99,871,703</u>	<u>\$ 99,249,952</u>	<u>\$ 99,197,521</u>	<u>\$ 92,408,032</u>	<u>\$ 93,575,692</u>
\$ 45,886,988	\$ 45,615,944	\$ 45,480,236	\$ 46,927,843	\$ 45,050,487
3,137,658	3,388,212	4,048,531	3,133,733	1,792,767
2,912,481	3,730,851	6,970,564	6,644,886	7,420,834
<u>\$ 51,937,127</u>	<u>\$ 52,735,007</u>	<u>\$ 56,499,331</u>	<u>\$ 56,706,462</u>	<u>\$ 54,264,088</u>
\$ 118,125,814	\$ 119,766,323	\$ 121,225,204	\$ 126,953,092	\$ 128,265,936
14,110,709	14,353,150	14,016,141	13,644,943	10,186,898
19,572,307	17,865,486	20,455,507	8,516,459	9,386,946
<u>\$ 151,808,830</u>	<u>\$ 151,984,959</u>	<u>\$ 155,696,852</u>	<u>\$ 149,114,494</u>	<u>\$ 147,839,780</u>

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

	2007	2008	2009	2010	2011
Expenses					
Governmental activities:					
General government	\$ 5,203,328	\$ 5,756,996	\$ 6,552,840	\$ 4,963,810	\$ 4,990,898
Public safety	16,318,022	18,659,224	20,065,191	19,648,564	19,143,067
Public works	10,562,982	7,647,548	7,031,442	6,625,549	6,575,290
Community services	6,443,771	6,729,210	6,506,179	6,920,678	6,694,703
Interest and fiscal charges	1,558,616	6,790,548	7,196,794	7,230,607	7,178,521
Total governmental activities expenses	<u>40,086,719</u>	<u>45,583,526</u>	<u>47,352,446</u>	<u>45,389,208</u>	<u>44,582,479</u>
Business-type activities:					
Water and sewer	\$ 13,300,772	\$ 13,375,271	\$ 14,145,471	\$ 15,528,663	\$ 16,374,985
Total business-type activities expenses	<u>13,300,772</u>	<u>13,375,271</u>	<u>14,145,471</u>	<u>15,528,663</u>	<u>16,374,985</u>
Total primary government expenses	<u><u>\$ 53,387,491</u></u>	<u><u>\$ 58,958,797</u></u>	<u><u>\$ 61,497,917</u></u>	<u><u>\$ 60,917,871</u></u>	<u><u>\$ 60,957,464</u></u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	\$ 113,291	\$ 332,038	\$ 383,925	\$ 402,651	\$ 366,589
Public safety	2,897,331	3,327,518	3,841,740	3,630,091	3,592,585
Public works	1,934,164	650,794	53,675	134,996	235,140
Community services	2,313,069	2,527,758	2,460,325	2,635,525	2,487,343
Operating grants/contributions	2,152,679	1,999,182	2,382,689	2,263,449	3,112,884
Capital grants/contributions	5,991,124	5,580,070	1,940,005	662,691	997,587
Total governmental activities program revenues	<u>15,401,658</u>	<u>14,417,360</u>	<u>11,062,359</u>	<u>9,729,403</u>	<u>10,792,128</u>
Business-type activities:					
Charges for services	\$ 12,900,524	\$ 14,544,318	\$ 14,303,857	\$ 13,762,041	\$ 16,691,383
Capital grants/contributions	2,635,385	3,629,474	1,174,014	523,394	354,169
Total business-type activities program revenues	<u>15,535,909</u>	<u>18,173,792</u>	<u>15,477,871</u>	<u>14,285,435</u>	<u>17,045,552</u>
Total primary government program revenues	<u><u>\$ 30,937,567</u></u>	<u><u>\$ 32,591,152</u></u>	<u><u>\$ 26,540,230</u></u>	<u><u>\$ 24,014,838</u></u>	<u><u>\$ 27,837,680</u></u>
Net (Expense)/Revenue					
Governmental activities					
	\$(24,685,061)	\$(31,166,166)	\$(36,290,087)	\$(35,659,805)	\$(33,790,351)
Business-type activities	2,235,137	4,798,521	1,332,400	(1,243,228)	670,567
Total primary government net expense	<u><u>\$(22,449,924)</u></u>	<u><u>\$(26,367,645)</u></u>	<u><u>\$(34,957,687)</u></u>	<u><u>\$(36,903,033)</u></u>	<u><u>\$(33,119,784)</u></u>

Source: Comprehensive Annual Financial Reports

TABLE 2 (CONTINUED)

2012	2013	2014	2015	2016
\$ 5,280,221	\$ 5,899,317	\$ 6,048,611	\$ 6,722,301	\$ 6,767,213
19,185,108	19,700,185	21,050,888	22,189,531	24,862,491
6,492,493	6,441,727	6,696,307	11,736,039	11,441,834
6,388,243	6,829,000	7,058,519	7,865,226	8,430,316
6,924,676	7,159,431	6,977,022	2,907,619	2,405,818
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
44,270,741	46,029,660	47,831,347	51,420,716	53,907,672
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 15,674,005	\$ 15,491,378	\$ 15,772,743	\$ 16,415,804	\$ 18,221,821
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
15,674,005	15,491,378	15,772,743	16,415,804	18,221,821
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 59,944,746	\$ 61,521,038	\$ 63,604,090	\$ 67,836,520	\$ 72,129,493
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 353,812	\$ 1,168,201	\$ 464,192	\$ 716,293	\$ 870,839
3,936,093	3,798,408	4,096,762	6,019,903	5,254,150
463,247	938,346	366,992	100,870	316,432
2,715,284	2,903,833	2,717,031	3,036,202	3,224,479
1,979,785	2,024,725	1,740,421	2,001,494	2,666,399
714,235	2,795,676	5,186,398	1,048,364	4,457,074
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
10,162,456	13,629,189	14,571,796	12,923,126	16,789,373
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 15,977,792	\$ 17,209,452	\$ 17,382,937	\$ 18,685,787	\$ 17,415,597
526,269	692,880	631,981	257,513	380,971
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
16,504,061	17,902,332	18,014,918	18,943,300	17,415,597
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 26,666,517	\$ 31,531,521	\$ 32,586,714	\$ 31,866,426	\$ 34,204,970
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ (34,108,285)	\$ (32,400,471)	\$ (33,259,551)	\$ (38,497,590)	\$ (37,118,299)
830,056	2,410,954	2,242,175	2,527,496	(425,253)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ (33,278,229)	\$ (29,989,517)	\$ (31,017,376)	\$ (35,970,094)	\$ (37,543,552)
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Sales and use taxes	\$ 5,875,808	\$ 6,134,991	\$ 5,953,387	\$ 6,132,913
Property taxes	17,479,146	19,669,385	20,122,090	18,765,437
Hotel/motel taxes	53,388	61,571	92,321	107,434
Franchise fees	3,005,690	3,060,567	3,228,432	2,945,412
Investment earnings	3,620,069	4,450,569	1,765,116	3,406,971
Gain on disposal of property	49,355	-	-	40,251
Miscellaneous	563,171	637,111	610,796	646,777
Transfers	1,801,000	1,802,000	1,800,000	1,800,000
Total governmental activities	32,447,627	35,816,194	33,572,142	33,845,195
Business-type activities:				
Investment earnings	\$ 767,361	\$ 604,215	\$ 219,773	\$ 186,944
Gain/loss of disposal of property	-	-	-	-
Miscellaneous	53,283	41,527	45,273	64,610
Transfers	(1,801,000)	(1,802,000)	(1,800,000)	(1,800,000)
Total business-type activities	(980,356)	(1,156,258)	(1,534,954)	(1,548,446)
Total primary government	\$ 31,467,271	\$ 34,659,936	\$ 32,037,188	\$ 32,296,749
Change in Net Assets				
Governmental activities	\$ 7,762,566	\$ 4,650,028	\$ (2,717,945)	\$ (1,814,610)
Business-type activities	1,254,781	3,642,263	(202,554)	(2,791,674)
Total primary government	\$ 9,017,347	\$ 8,292,291	\$ (2,920,499)	\$ (4,606,284)

TABLE 2 (CONCLUDED)

2011	2012	2013	2014	2015	2016
\$ 6,111,207	\$ 6,365,835	\$ 6,698,766	\$ 7,610,173	\$ 8,075,632	\$ 8,674,970
19,155,974	19,328,492	19,149,038	19,198,820	20,322,289	21,222,889
135,676	161,997	190,302	213,130	220,746	223,330
3,284,583	3,457,821	3,354,340	3,603,799	3,855,211	2,990,157
4,535,466	4,005,347	257,379	3,068,688	1,305,343	1,497,708
41,859	-	8,479	15,704	86,420	(12,968)
211,713	167,267	320,416	231,287	340,555	508,136
1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	2,059,800
<u>35,276,478</u>	<u>35,286,759</u>	<u>31,778,720</u>	<u>35,741,601</u>	<u>36,006,196</u>	<u>37,164,022</u>
\$ 125,261	\$ 119,897	\$ 56,838	\$ 36,670	\$ 58,062	\$ 46,538
-	-	-	-	-	(3,859)
62,077	74,167	130,088	3,478,858	-	-
(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)	(2,059,800)
<u>(1,612,662)</u>	<u>(1,605,936)</u>	<u>(1,613,074)</u>	<u>1,715,528</u>	<u>(1,741,938)</u>	<u>(2,017,121)</u>
<u>\$ 33,663,816</u>	<u>\$ 33,680,823</u>	<u>\$ 30,165,646</u>	<u>\$ 37,457,129</u>	<u>\$ 34,264,258</u>	<u>\$ 35,146,901</u>
\$ 1,486,127	\$ 1,178,474	\$ (621,751)	\$ 2,482,050	\$ (2,491,394)	\$ 45,723
(942,095)	(775,880)	797,880	3,957,703	785,558	(2,442,374)
<u>\$ 544,032</u>	<u>\$ 402,594</u>	<u>\$ 176,129</u>	<u>\$ 6,439,753</u>	<u>\$ (1,705,836)</u>	<u>\$ (2,396,651)</u>

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

	2007	2008	2009	2010	2011
General Fund					
Reserved					
Prepaid and inventory	\$ 71,522	\$ 83,311	\$ 94,975	\$ 289,796	\$ -
Animal shelter	220,146	220,354	136,421	93,240	-
Unreserved	9,116,524	7,598,987	7,910,030	7,429,188	-
Nonspendable	-	-	-	-	79,890
Restricted	-	-	-	-	23,359
Unassigned	-	-	-	-	7,245,735
Total General Fund	\$ 9,408,192	\$ 7,902,652	\$ 8,141,426	\$ 7,812,224	\$ 7,348,984
All Other Governmental Funds					
Reserved for:					
Prepaid and inventory	\$ -	\$ -	\$ 700	\$ -	\$ -
Construction	33,971,758	37,291,828	36,973,575	32,992,500	-
Debt service	1,398,426	1,315,616	1,351,130	1,338,388	-
Unreserved - designated for Joe Pool Fund	21,662,048	25,815,003	28,583,356	33,303,314	-
Unreserved, reported in:					
Special revenue funds	1,139,312	1,399,190	1,851,054	1,812,463	-
Nonspendable	-	-	-	-	4,113
Restricted for:					
Construction	-	-	-	-	27,061,239
PID use	-	-	-	-	255,046
Tourism	-	-	-	-	517,732
Police	-	-	-	-	267,580
Debt service	-	-	-	-	1,214,648
Animal Shelter	-	-	-	-	-
Committed for:					
Library	-	-	-	-	64,273
Landscaping	-	-	-	-	1,006,819
Construction	-	-	-	-	2,077,747
Building maintenance	-	-	-	-	725,215
Joe pool	-	-	-	-	39,186,264
Total all other governmental funds	\$ 58,171,544	\$ 65,821,637	\$ 68,759,815	\$ 69,446,665	\$ 72,380,676

Source: Comprehensive Annual Financial Reports

TABLE 3

2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ 283,522
-	-	-	-	123,575
-	-	-	-	-
108,886	47,394	52,652	26,822	
21,422	15,602	24,404	24,406	
8,081,105	8,155,908	7,835,891	9,090,324	8,771,503
\$ 8,211,413	\$ 8,218,904	\$ 7,912,947	\$ 9,141,552	\$ 9,178,600
<hr/>				
\$ -	\$ -	\$ -	\$ -	\$ 6,224
-	-	-	-	17,612,849
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,175	875	875	1,963	
21,065,403	18,479,874	16,652,763	24,504,541	239,342
264,048	262,925	270,267	277,468	-
590,841	665,874	750,883	836,894	821,640
356,891	583,458	608,020	541,678	545,723
1,113,789	1,340,738	1,356,029	1,246,232	1,447,330
-	-	-	-	-
75,740	131,760	135,238	121,489	123,146
1,477,075	1,366,022	1,092,406	1,050,997	1,277,952
1,564,353	1,572,054	1,577,647	1,173,232	1,819,952
821,645	825,690	828,407	817,196	194,232
44,607,884	46,527,005	51,305,636	54,301,017	58,689,221
\$ 71,938,844	\$ 71,756,275	\$ 74,578,171	\$ 84,872,707	\$ 82,777,611

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

	2007	2008	2009	2010
Revenues				
Taxes	\$ 23,829,019	\$ 26,005,485	\$ 26,228,990	\$ 25,057,110
Franchise taxes	2,980,459	3,060,567	3,239,410	3,745,033
Licenses and permits	585,160	579,360	429,801	599,253
Intergovernmental	4,193,422	2,154,882	2,465,569	2,550,947
Charges for services	3,235,695	3,643,269	4,649,195	4,587,557
Fines and forfeits	1,218,428	1,367,603	1,170,989	1,307,338
Investment earnings	4,192,754	4,200,813	1,600,287	3,217,524
Miscellaneous	2,578,672	1,626,613	1,021,043	1,043,796
Total revenues	42,813,609	42,638,592	40,805,284	42,108,558
Expenditures				
General government	5,222,497	5,588,631	5,738,425	4,268,152
Public works	4,769,427	4,146,221	2,799,588	2,258,685
Public safety	16,093,979	18,452,134	19,953,010	19,365,668
Community services	5,702,847	5,835,435	5,696,781	6,111,610
Principal retirement	2,935,000	3,860,000	3,930,000	4,284,760
Interest and fiscal agent charges	3,487,728	3,582,146	4,250,266	4,001,699
Capital outlay	20,139,139	16,714,857	4,607,387	3,297,991
Total expenditures	58,350,617	58,179,424	46,975,457	43,588,565
Excess of revenues				
Over (under) expenditures	(15,537,008)	(15,540,832)	(6,170,173)	(1,480,007)
Other Financing Sources (Uses)				
Transfer in	2,463,060	2,347,581	3,613,525	3,469,645
Transfer out	(662,060)	(545,581)	(1,813,525)	(1,669,645)
Premium or discount on issuance of debt	-	353,385	47,125	-
Issuance of debt	2,300,000	19,530,000	7,500,000	2,767,655
Refunding bonds issued	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	(2,730,000)
Total other financing sources (uses)	4,101,000	21,685,385	9,347,125	1,837,655
Net change in fund balance	\$ (11,436,008)	\$ 6,144,553	\$ 3,176,952	\$ 357,648
Debt service as a percentage of noncapital expenditures	16.8%	17.9%	19.3%	20.6%

Source: Comprehensive Annual Financial Reports

TABLE 4

2011	2012	2013	2014	2015	2016
\$ 25,408,781	\$ 25,812,621	\$ 26,083,264	\$ 27,058,897	\$ 28,678,707	\$ 30,120,119
3,188,430	3,431,525	3,352,205	3,637,472	3,819,178	3,465,968
520,502	526,399	772,875	738,332	780,478	778,437
3,532,596	2,224,495	2,050,841	2,556,633	3,550,102	6,750,150
4,491,115	4,669,666	4,950,614	5,015,795	5,219,839	4,733,546
1,330,054	1,372,402	1,303,332	1,389,008	1,865,880	1,760,310
4,510,842	3,989,265	248,395	3,064,301	2,522,617	1,490,918
592,110	877,586	4,173,110	810,058	1,145,450	759,828
<u>43,574,430</u>	<u>42,903,959</u>	<u>42,934,636</u>	<u>44,270,496</u>	<u>47,582,251</u>	<u>49,859,276</u>
4,213,256	4,411,688	4,572,942	4,917,868	4,868,548	5,026,331
2,131,623	2,056,306	2,240,304	2,572,167	2,145,169	2,053,159
18,715,058	18,560,836	19,066,681	20,151,570	20,773,934	21,791,776
5,800,851	5,478,014	5,927,054	6,040,714	6,601,545	6,849,744
4,271,275	4,524,345	4,792,415	5,225,860	5,641,240	6,102,000
3,957,697	3,444,741	3,086,412	2,997,075	2,860,726	2,874,002
3,992,499	5,815,584	5,223,906	3,390,010	2,062,022	12,169,887
<u>43,082,259</u>	<u>44,291,514</u>	<u>44,909,714</u>	<u>45,295,264</u>	<u>44,953,184</u>	<u>56,866,899</u>
493,914	(1,387,555)	(2,087,769)	(1,024,768)	2,629,067	(7,007,623)
2,903,840	3,746,000	3,213,790	3,394,411	3,218,718	3,764,661
(1,103,840)	(1,946,000)	(1,413,790)	(2,144,994)	(2,399,486)	(1,738,295)
223,578	474,838	-	410,735	2,961,899	2,336,076
14,630,000	9,040,000	-	-	-	-
-	-	-	9,495,000	23,325,050	16,477,611
(14,678,464)	(9,506,686)	-	(7,614,445)	(16,990,488)	(17,112,097)
<u>1,975,114</u>	<u>1,808,152</u>	<u>1,800,000</u>	<u>3,540,707</u>	<u>10,115,693</u>	<u>3,727,956</u>
\$ 2,469,028	\$ 420,597	\$ (287,769)	\$ 2,515,939	\$ 12,744,760	\$ (3,279,667)
21.1%	20.7%	19.9%	19.6%	19.8%	20.1%

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

TABLE 5

Fiscal Year Ended September 30,	Real Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2007	2,720,454,080	288,549,740	(254,235,323)	2,754,768,497	0.64140
2008	3,009,117,599	292,080,690	(297,237,734)	3,003,960,555	0.64140
2009	3,144,441,658	314,972,100	(336,631,686)	3,122,782,072	0.64140
2010	2,951,398,588	306,248,770	(344,662,593)	2,912,984,765	0.64140
2011	2,838,901,972	297,036,800	(353,400,773)	2,782,537,999	0.67000
2012	2,810,514,062	277,211,190	(350,446,444)	2,737,278,808	0.68588
2013	2,765,638,796	280,235,120	(340,371,034)	2,705,502,882	0.69569
2014	2,786,675,623	283,871,690	(384,154,819)	2,686,392,494	0.69876
2015	2,982,480,619	287,043,060	(419,337,325)	2,850,186,354	0.69876
2016	3,186,822,798	282,090,960	(451,668,826)	3,017,244,932	0.69876

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

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

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

Fiscal Year Ended <u>September 30,</u>	City Direct Rates					Dallas County Community College District	Dallas County Hospital District		
	Basic Rate	General Obligation		Total Direct	Cedar Hill I.S.D.				
		Debt Service	Debt Service						
2007	0.469490	0.171910	0.641400	1.743300	0.081000	0.254000			
2008	0.459490	0.181910	0.641400	1.400000	0.080400	0.254000			
2009	0.459490	0.181910	0.641400	1.500000	0.089400	0.254000			
2010	0.459490	0.181910	0.641400	1.400000	0.094900	0.274000			
2011	0.488090	0.181910	0.670000	1.440000	0.099230	0.271000			
2012	0.499820	0.186060	0.685880	1.440000	0.099670	0.271000			
2013	0.509630	0.186060	0.695690	1.440000	0.119375	0.271000			
2014	0.512700	0.186060	0.698760	1.525000	0.124700	0.276000			
2015	0.512700	0.186060	0.698760	1.525000	0.124780	0.286000			
2016	0.512700	0.186060	0.698760	1.525000	0.123650	0.286000			

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

County School Equalization	Duncanville I.S.D.	Ellis County	Midlothian I.S.D.
0.005034	1.736000	0.320491	1.697500
0.004714	1.418000	0.393607	1.367500
0.004928	1.418000	0.393599	1.407500
0.005212	1.418000	0.393600	1.397500
0.010000	1.418000	0.393599	1.397500
0.010000	1.418000	0.393599	1.397500
0.009937	1.418000	0.380091	1.540000
0.010000	1.410000	0.380091	1.540000
0.010000	1.410000	0.380091	1.540000
0.010000	1.529500	0.380091	1.540000

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

TABLE 7

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total City	Taxable Assessed Value	Rank	Percentage of Total City
			Value ^a			Taxable Assessed Value ^b
Uptown Village at Cedar Hill	\$ 67,235,400	1	2.23%	\$ -	-	
EL Ad Cedar Hill, LLC	49,000,000	2	1.62%			
FMF Cedar Hill LLC	31,176,000	3	1.03%			
Indland Western Cedar Hill	29,101,640	4	0.96%	36,733,200	2	1.21%
KRG Cedar Hill Plaza, LP	29,060,000	5	0.96%	60,045,940	1	1.98%
Oncor Electric Delivery	26,334,380	6	0.87%			
JC Penny Co., INC.	24,691,281	7	0.82%			
Wal-Mart Stores	21,555,540	8	0.71%	22,327,330	3	0.74%
Gates Cedar Hill, LTD	18,000,000	9	0.60%			
AP Cedar Hill, LLC	14,823,000	10	0.49%			
Target Corporation				18,676,880	4	0.62%
Texwood Industries LP				18,059,517	5	0.60%
Texas HCP				17,445,970	6	0.58%
TSCA 2002 LTD Partnership				17,090,460	7	0.56%
RPI Cedar Hill LTD				16,500,000	8	0.54%
EE Cedar Hill Crossing LP				15,843,290	9	0.52%
Pleasant Run and 67 LTD				15,400,000	10	0.51%
Total	\$ 310,977,241		10.31%	\$ 238,122,587		7.86%

Source: Dallas Central Appraisal District

Note:

^a Total taxable value including real and personal property for tax year 2015 (fiscal year 2016) is \$3,017,244,932

^b Total taxable value including real and personal property for tax year 2006 (fiscal year 2007) is \$3,030,845,005

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

TABLE 8

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	19,439,840	17,156,014	88.25%	503,103	17,659,117	90.84%
2008	19,267,403	18,867,046	97.92%	328,824	19,195,870	99.63%
2009	20,029,524	19,541,902	97.57%	353,051	19,894,953	99.33%
2010	18,683,884	18,378,688	98.37%	153,449	18,532,137	99.19%
2011	18,643,004	18,379,231	98.59%	179,230	18,558,461	99.55%
2012	18,774,447	18,521,004	98.65%	126,178	18,647,182	99.32%
2013	18,758,258	18,456,444	98.39%	170,958	18,627,402	99.30%
2014	18,886,686	18,558,194	98.26%	179,202	18,737,396	99.21%
2015	19,915,962	19,563,101	98.23%	(12,601)	19,550,500	98.16%
2016	21,083,301	20,729,114	98.32%	-	20,729,114	98.32%

Sources: Dallas County Tax Office

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			Total Primary Government	Percentage of Total Personal Income ^c	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Certificate of Obligation Bonds	Other Obligations	Waterworks & Sewer System Revenue Bonds	Waterworks & Sewer System GO & CO Bonds ^c					
2007	49,845,000	23,410,000	50,277,438	8,485,000	-	132,017,438	Not available	4.79%	3,004	
2008	55,660,000	33,265,000	53,134,705	10,695,000	-	152,754,705	Not available	5.09%	3,402	
2009	60,040,000	32,455,000	56,154,350	13,040,000	-	161,689,350	Not available	5.18%	3,546	
2010	56,837,895	31,410,000	59,345,601	10,250,000	2,167,105	160,010,601	13%	5.49%	3,456	
2011	62,666,620	21,670,000	62,718,212	9,795,000	1,938,380	158,788,212	14%	5.71%	3,508	
2012	59,092,275	20,880,000	66,282,488	9,325,000	1,702,725	157,282,488	13%	5.75%	3,359	
2013	55,019,860	20,160,000	70,049,322	8,835,000	1,460,140	155,524,322	13%	5.75%	3,321	
2014	51,239,000	20,990,000	74,030,225	6,575,000	9,186,000	162,020,225	13%	6.03%	3,287	
2015	61,812,760	11,420,000	78,237,362	4,375,000	11,217,240	167,062,362	14%	5.86%	3,367	
2016	63,920,760	3,080,000	82,683,592	-	14,264,240	163,948,592	13%	5.43%	3,348	

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

^a See Table 5 for property value data.

^b See Table 14 for population data.

^c Self-supporting tax-backed bonds.

^c See Table 14 for population data.

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

TABLE 10

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property ^a		
	General Obligation Bonds	Certificate of Obligation Bonds	Less Sinking Fund	Net General Bonded Debt	Per Capita ^b	
2007	49,845,000	23,410,000	1,398,426	71,856,574	2.61%	1,635
2008	55,660,000	33,265,000	1,315,616	87,609,384	2.92%	1,951
2009	60,040,000	32,455,000	1,351,830	91,143,170	2.92%	1,999
2010	59,005,000	31,410,000	1,338,388	89,076,612	3.06%	1,924
2011	64,605,000	21,670,000	1,214,648	85,060,352	3.06%	1,879
2012	60,795,000	20,880,000	1,113,789	80,561,211	2.94%	1,720
2013	56,480,000	20,160,000	1,340,738	75,299,262	2.78%	1,608
2014	60,425,000	20,990,000	1,356,029	80,058,971	2.98%	1,624
2015	73,030,000	11,420,000	1,247,844	83,202,156	2.92%	1,715
2016	71,190,000	10,075,000	1,447,330	79,817,670	2.65%	1,630

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

^a See Table 5 for property value data.

^b See Table 14 for population data.

**CITY OF CEDAR HILL, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 20156
(UNAUDITED)**

TABLE 11

Taxing Jurisdiction	2015/16 Taxable Assessed Value	2015/16 Tax Rate	Total G.O. Tax Debt	Estimated % Applicable	City's Overlapping G.O. Tax Debt
City of Cedar Hill	\$ 2,996,550,182	\$ 0.69876	\$ 67,000,760 ⁽¹⁾	100.00%	\$ 67,000,760 ⁽¹⁾
Cedar Hill ISD	2,883,957,562	1.52500	122,812,031	93.07%	114,301,158
Dallas County	181,636,043,684	0.24310	227,980,000	1.34%	3,054,932
Dallas County Comm. College Dist.	197,340,193,376	0.12370	294,050,000	1.34%	3,940,270
Dallas County Hospital Dist.	188,800,661,035	0.28600	718,480,000	1.34%	9,627,632
Dallas County Schools	188,190,199,007	0.01000	50,405,000	1.34%	675,427
Desoto ISD	2,033,438,678	1.46000	134,434,614	0.14%	188,208
Duncanville ISD	3,687,252,487	1.52950	213,701,096	2.49%	5,321,157
Ellis County	12,028,867,796	0.41360	41,521,315	0.62%	257,432
Midlothian ISD	3,307,052,541	1.54000	228,439,270	1.98%	4,523,098
Total Direct and Overlapping G. O. Tax Debt					\$ 208,890,074
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					6.97%
Per Capita Direct and Overlapping G. O. Tax Debt					\$ 4,188.52

Source:

^a Hilltop Securities, Inc.

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.

⁽¹⁾ The City's total direct debt is net of self supporting debt and Debt Service Fund Balance

**CITY OF CEDAR HILL, TEXAS
LEGAL DEBT MARGIN INFORMATION
AS OF SEPTEMBER 30, 20156
(UNAUDITED)**

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, 2014 is \$0.69876 per \$100 of assessed valuation at 100% of market value. The tax rate is 27.95% 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
2007	13,277,177	11,150,872	2,126,305	633,821	3.35
2008	14,760,323	11,238,220	3,522,103	804,647	4.38
2009	14,466,125	12,039,477	2,426,648	819,825	2.96
2010	15,697,120	13,429,002	2,268,118	801,810	2.83
2011	16,880,608	13,023,051	3,857,557	1,065,193	3.62
2012	16,171,856	13,629,548	2,542,308	790,942	3.21
2013	17,396,378	13,479,383	3,916,995	1,046,807	3.74
2014	20,898,465	13,735,658	7,162,807	621,679	11.52
2015	18,634,284	14,168,974	4,465,310	438,658	10.18
2016	17,333,094	15,765,558	1,567,536	-	0.00

Source: Comprehensive Annual Financial Reports

- (1) Gross revenues include all water and sewer revenues exclusive of capital recovery fees, interest on accumulated capital recovery fees, contributed capital, and interest on bond proceeds. Gross revenues for 2010 include \$1,800,000 in capital recovery fees accumulated from prior years that the City has earmarked for debt service.
- (2) Direct operating expenses include all water and sewer operating expenses, less depreciation.
- (3) Average annual debt service is the average principal and interest payments due over the remaining term of all water and sewer revenue bonds.
- (4) All existing Revenue Bonds were defeased in FY2016

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

TABLE 14

Year	Estimated Population^a	Personal Income	Per Capita Personal Income^b	Median Household Income^b	Median Age^b	Cedar Hill I.S.D. Enrollment^c	Unemployment Rate^d
2007	43,950	n/a	n/a	66,786	n/a	7,871	4.7%
2008	44,900	n/a	n/a	65,395	n/a	8,110	6.0%
2009	45,600	n/a	n/a	66,206	34	8,233	8.7%
2010	46,300	1,188,382,100	25,667	66,654	34	8,204	8.7%
2011	45,260	1,116,699,980	24,673	64,727	32	8,134	9.2%
2012	46,829	1,186,084,912	25,328	63,499	31	8,170	7.4%
2013	46,829	1,186,084,912	25,328	63,499	31	7,868	7.4%
2014	48,084	1,272,216,132	26,458	63,667	35	8,700	5.9%
2015	48,507	1,229,991,999	25,357	65,421	35	7,915	4.7%
2016	48,973	1,250,623,501	25,537	68,526	34	8,046	4.7%

Sources:

^a Available estimates are provided by Cedar Hill Economic Development Corporation (Claritas).

^b Available estimates are provided by Cedar Hill Economic Development Corporation (Claritas).

^c Cedar Hill Independent School District

^d Texas Workforce Commission, September.

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

TABLE 15

Employer	2016			2007		
	Estimated Employees	Rank	Percentage of Total City Workforce	Estimated Employees	Rank	Percentage of Total City Workforce
Wal-Mart Supercenter	436	1	1.73%	450	3	1.37%
JCPenney, Distribution Center	336	2	1.34%	550	2	1.68%
Total Highway Maintenance	250	3	0.99%			
Super Target	180	4	0.72%	230	4	0.70%
MJB Wood Group/Precision Wood	175	5	0.70%			
Woodmont/Western Cabinets	170	6	0.68%	135	7	0.41%
DMI Corporation	150	7	0.60%	200	5	0.61%
idX Corporation	125	8	0.50%			
Home Depot	125	9	0.50%			
Dillard's	125	10	0.50%			
Texwood Industries - Quality Doors				700	1	2.13%
Sampco Supply				150	6	0.46%
JCPenney, Department Store				130	8	0.40%
Trinity School				130	9	0.40%
Pegasus Transportation				125	10	0.38%
Total	<u>2,072</u>		<u>8.25%</u>	<u>2,800</u>		<u>8.54%</u>

Source: City surveys of employers

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

Total Estimated City Workforce in FY 2016 and FY 2007 is 25,136 and 32,787 respectively

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

<u>Function/Program</u>	<u>Full Time Equivalent Employees as of September 30</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government:										
Administration	9.50	9.50	10.00	10.00	10.00	10.00	10.00	9.50	10.00	9.50
Human resources	3.75	4.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00	3.00
Information technology	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.23	4.50	5.20
Tax	-	-	-	-	-	-	-	-	-	-
Finance	6.75	6.75	6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00
Economic development	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Tourism	-	-	-	-	-	-	-	-	1.00	1.50
Non-Departmental	1.77	1.50	1.50	1.50	0.77	2.27	2.27	2.27	2.27	2.50
Government center	-	-	1.50	1.50	2.50	2.50	2.50	3.00	2.50	3.00
Public Works:										
Streets & drainage	12.25	15.33	13.58	13.58	14.25	14.25	14.25	15.25	14.25	14.40
Fleet maintenance	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Water & sewer	39.15	41.65	43.65	43.65	43.65	43.65	43.65	41.15	44.65	44.65
Public Safety:										
Police	81.20	83.00	84.00	84.00	86.10	87.40	87.40	88.10	87.40	89.50
Police (community services)	-	-	-	-	-	-	-	-	-	-
Animal control	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fire	63.00	65.00	69.00	78.00	78.00	78.00	78.00	78.00	78.00	79.00
Municipal court	6.80	6.80	7.30	7.30	6.80	7.93	7.93	6.80	7.93	6.68
Code enforcement	9.00	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00	9.00
Animal shelter	7.66	9.63	9.63	9.63	9.63	9.63	9.63	10.53	10.53	10.53
Community Services:										
Parks	22.35	22.35	26.40	26.40	26.40	26.40	28.4	26.4	28.4	23.77
Community development	4.64	5.89	6.79	6.79	6.79	6.79	7.79	7.79	7.79	7.79
Recreation	9.98	9.98	10.25	10.25	10.50	11.50	11.50	10.50	11.50	11.50
Recreation center	22.00	21.00	21.50	21.50	22.50	23.00	23.00	23.84	23.00	23.80
Library	11.49	11.48	11.48	11.48	10.48	10.72	10.72	12.72	10.72	12.20
Planning	4.75	4.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00	4.00
Neighborhood services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total City Employees:	328.04	339.86	353.33	362.33	362.12	370.79	373.79	373.08	378.44	378.52

Source: Annual Budgets

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

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

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

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

The Non-departmental position was not created until 2002.

The Information Technology department was not created until 2003.

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

The Neighborhood Services department was created in 2004.

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

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

The Government Center positions were created in fiscal year 2009.

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

<u>Function/Program</u>	2007	2008	2009	2010	2011
General Government:					
Information Technology					
Installed Employee Desktop Computer Systems	51	230	250	34	53
Onsite Problem Calls	675	1,500	1,000	3,750	3,700
Vendor visits/Product Evaluations	200	500	350	10	10
Public Works:					
Streets & Drainage					
Number of street lights	2,555	2,659	2,670	2,705	2,777
Water & Sewer					
Number of water consumers	14,786	14,791	15,188	15,283	15,186
Average daily water consumption (millions of gallons)	7.2	8.2	8.5	8.4	9
Maximum storage capacity (millions of gallons)	18.0	18.0	18.0	18.0	18
Number of sewer connections	12,922	13,550	13,791	13,873	13,874
Public Safety:					
Police					
Index crimes, by calendar year	1,439	1,635	1,814	1,846	1,720
Index crime rate per 100,000, by calendar year	3,224.4	3,542.6	3,902.8	3,955.0	3,673
Percent index crimes cleared, by calendar year	23%	19%	29%	29%	32%
Number of reserve police officers	4.00	4.00	3.00	3.00	3
Fire					
Calls for service - Fire & EMS	4,830	5,022	5,193	5,221	n/a
Municipal Court					
Number of cases filed	8,762	7,552	6,983	6,419	7,472
Number of cases closed	8,369	5,995	7,061	6,165	8,142
Number of cases appealed	322	282	214	345	345
Number of warrants issued	2,441	3,953	3,616	2,752	5,056
Code Enforcement					
Building permits issued	612	578	432	491	404
Total dollar value of permits issued	172,408,265	83,105,685	28,441,102	33,687,160	22,611,850
Animal Shelter					
Number of incoming animals	5,777	5,243	5,208	5,380	4,909
Number of lost pets returned to owners	869	811	781	785	769
Number of animals adopted out	756	758	923	797	724
Number of animals euthanized	3,122	3,068	2,888	2,757	2,500
Number of animals transferred or rescued	641	524	796	927	777

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

2012	2013	2014	2015	2016
50	55	385	385	385
3,000	3,200	3,200	3,800	2,814
15	17	17	20	24
2,777	2,618	2,639	2,632	2,616
15,236	15,438	15,427	15,788	15,940
8	8	10	6	6
18	18	18	18	18
13,956	14,102	14,071	14,267	14,537
1,752	1,593	1,531	1,528	1,653
3,741	3,402	3,341	3,335	3,510
39%	34%	35%	35%	35%
3	3	3	3	4
n/a	n/a	6,077	6,150	6,207
6,204	7,188	7,450	7,785	7,610
6,566	7,193	6,229	7,393	6,642
126	126	97	163	143
3,211	3,410	4,218	4,885	4,604
415	482	520	605	584
19,898,425	102,991,772	38,018,194	58,530,567	40,449,488
5,300	4,784	4,694	6,253	6,493
790	749	704	901	912
830	741	932	1,298	1,332
2,305	1,931	1,905	2,636	2,284
800	722	899	1,131	1,796

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

TABLE 18

<u>Function/Program</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Works:										
Streets & Drainage										
Paved streets (miles) ^a	209	210	210	216	217	218	218	218	218	218
Graded streets (miles)	0	1	1	1	1	1	1	1	1	1
Paved alleys (miles)	41	42	42	42	42	42	42	42	42	42
Storm sewers (miles) ^a	67	70	71	74	76	76	76	77	77	77
Water & Sewer										
Water mains (miles) ^a	270	280	282	279	279	273	278	279	279	279
Storage capacity (millions of gallons)	18	18	18	18	18	18	18	18	18	18
Sanitary sewers (miles) ^a	225	245	247	214	215	214	214	214	214	214
Public Safety:										
Police										
Stations	1	1	1	1	2	2	2	2	2	2
Fire										
Stations	3	3	4	4	4	4	4	4	4	4
Animal Shelter										
Buildings	1	1	1	1	1	1	1	1	1	1
Community Services:										
Parks										
Acreage	667	686	686	692	692	692	692	692	692	692
Municipal swimming pools	1	1	1	1	1	1	1	1	1	1
Lighted tennis courts	2	2	2	2	2	2	2	2	2	2
Lighted ball diamonds	19	23	23	23	23	23	23	23	23	23
Community/senior center	1	1	1	1	1	1	1	1	1	1
Recreation center	1	1	1	1	1	1	1	1	1	1
Library										
Number of libraries	1	1	1	1	1	1	1	1	1	1

Sources: City Departments

Notes:

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