

# Comprehensive Annual Financial Report



For the Year Ended September 30, 2017  
City of Cedar Hill, Texas



**CITY OF CEDAR HILL, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2017**

Prepared by the

**CITY OF CEDAR HILL**  
**FINANCE DEPARTMENT**

Alan Dickerson, Finance Director  
Latifia Coleman, Finance Business Manager  
Onya Penton, Controller

**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, 2017**

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## **INTRODUCTORY SECTION**





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March 26, 2018

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, 2017. 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, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Cedar Hill's financial statements for the year ended September 30, 2017. 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 one of the oldest organized cities in Dallas County. Cedar Hill 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 52,066 in 2017. 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 34.3 years and median household income is \$67,669 while that of the U.S. is \$59,039. 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. The Cedar Hill Independent School District (CHISD) 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 has two discretely presented component units. They are the 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. Budget objectives, priorities and goals are reviewed by City Council in June. The City Manager's proposed budget is submitted to City Council in early August at which time public input is

encouraged and invited. 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.** The City has seen several consecutive years of tax base growth from both residential and commercial values. Fiscal year 2017 proved to continue to reinforce a trend of economic growth with a taxable value increase of 5.8%. While residential development is not as robust as was prior years, the City is experiencing growth in business and commercial properties. Commercial values increased 4% over 2016 as result of new business construction.

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.

The City, working in conjunction with the Cedar Hill Economic Development Corporation and the Cedar Hill Chamber of Commerce, promotes economic development opportunities to regional, national, and international businesses. The City currently has four industrial parks and several large industrially zoned tracts of land capable of accommodating almost any industrial development that fits Cedar Hill's target market. PepWear, an existing business in the industrial park recently purchased additional acreage for expansion, and NARSTCO, a manufacturer of tell railroad ties and turnouts constructed a new 12,975 square foot facility. The Dallas Business Journal recently ranked the Cedar Hill Business Park in the Top 25 Office Parks in North Texas.

The retail market remains active and strong in Cedar Hill. National retailers that opened their doors in Cedar Hill during the year include Burlington Coat Factory, Home Zone Furniture, McAllister Deli, Smoothie King, and National Tire and Battery. Hillside Village Shopping and Life Style Center recently completed exterior renovations to continue to build on the experiential retail model consumers are most attracted to today. The Life Style Center continues to attract and hold national branded retailers and restaurants that attract local and regional shoppers.

Concurrently, the professional office space continues to grow with 12,000 square feet in development. These spaces will house medical and other professional services. Multi-family developers are also reinvesting in their properties that have spurred other retail and commercial interests adjacent to the properties. Enterprise Rent-a-Car recently relocated their Cedar Hill location adjacent to one revitalized multi-family property.

**Economic Future.** For the near future, the City's development plan is to aggressively seek out developers to continue to make the City Center master plan development a vibrant live, play and work destination place complimented with linear park space, restaurants and entertainment venues augmented by land use development regulations and a Tax Increment Financing (TF) Zone. 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 will be completed in 2018, is a new gateway to the City making the city's commercial core more accessible to populations in the western regions.

Covenant Development is entering the Cedar Hill market this year to construct the Preston Trail Center, a 20-acre mixed-use development located at the intersection of FM 1382 and Straus Road and will feature a high-end multi-family component consisting of 300 units. The development will soon host a vibrant boutique commercial district to include retail, restaurants, and professional office space. The Preston Trail Center will have connectivity to green space and trails to further the City's vision for the City Center. The City Center vision is to create a walkable commercial core with unique amenities for residents and visitors.

The City has approved a public private partnership for a new upscale hotel and convention center locate at Hillside Village Shopping Center. The hotel and convention center will offer meeting space that it does not currently have, and will bring visitors and meeting attendees to Cedar hill to dine and shop.

Other key economic boosting initiatives for the immediate future are the construction of signage and gateway monument improvements and entrances to all park facilities throughout the City. In addition, the Texas Department of Transportation (TXDOT) is constructing and improving U.S. Highway 67 from Interstate 20 to Belt Line Road in Cedar Hill. The U.S. Highway 67 project will not only ease congestion but will spur future development in Cedar Hill by making undeveloped as well as developed properties more accessible.

**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 2017, 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 most notable and major initiative during the year was the payoff/retirement of the City's long-term contract liability with the Trinity River Authority. The U.S. Congress passed the Water Infrastructure Improvements for the Nation Act (S612) 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 to TRA associated with the City's water rights in Joe Pool Lake was \$82,683,592. On December 16, 2016, the City wired funds to TRA in the amount \$40,543,911 in full satisfaction of its contractual obligation relating to Joe Pool Lake consistent with the provision of the Act. This action further provided Cedar Hill free and clear ownership of its 43% of water rights in Joe Pool Lake and significantly and positively affects the City's debt profile going forward. In addition, the early retirement of the TRA contract liability resulted in over \$18 million in available funds to be reinvested back into the community.

The City Council's priority is to reflect the community's priorities to further the vision of Cedar Hill as a "premier city". The City has been very proactive in keeping its vision active and alive with several capital improvement projects that maintain a commitment to its premier statement of being a "safe" and "vibrant" City with a "strong and diverse" economy. Several capital improvement projects are in progress to enhance mobility throughout the community:

- Based on feedback from the 2016 Citizen Survey input, the Cedar Hill citizens desired expanded facilities for the library, improvements to the public pool, more accessible parks and trails, and infrastructure improvements to keep the City's sidewalks and streets safe and efficient for a growing population; in response, the City Council appointed a Bond Review Committee to evaluate current and future community needs and make a recommendation to Council to be considered in a Bond Referendum. The City Council called a bond election on November 7, 2017 to consider various infrastructure projects for a total of \$45 million. All propositions on the ballot passed.
- Mansfield Road has been in progress since fiscal year 2016 and is scheduled for completion in 2018; this project will be Cedar Hill's signature roadway celebrating the City's distinctive character and natural beauty; the project is the first roadway in the area designed based on a complete streetscape concept, which includes additional lanes and traffic signals, hike and bike trails and environmentally sensitive design concepts.
- F.M. 1382 improvements included signalization at Newman Academy and Cedar Hill State Park to manage traffic flow easing congestion and increasing safety.
- U.S. Highway 67 (US 67) is under improvement construction by Texas Department of Transportation (TXDOT) is in progress with widening improvements, adding lanes, improving exit and entrance ramps all of which will enhance traffic flow and congestion for the City; the City has partnered with TXDOT to provide streetscape, signage and lighting enhancements for the section of US 67 through the City.
- The City continues to budget and plan annually to improve street signage at major intersections with illuminated signs and make sidewalk improvements along major streets.
- Two neighborhood parks were constructed enhancing community gathering spaces and recreational opportunities.
- F.M. 1382 Hike and Bike Trail which is being constructed in two phases will provide mobility throughout the community as well as the region, quality of life amenities and will further enhance the City's distinctive character and natural beauty; this amenity is a \$10.8 million dollar project leveraged with 46% funding from partnerships with TXDOT and

Dallas County. The trail project is expected to boost tourism and provide some economic benefit with more visitors to the City.

## 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, 2016. 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 2017 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. Special thanks are extended to the members of the Finance and Audit Committee for their leadership and support of sound fiscal management and to all members of the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

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**

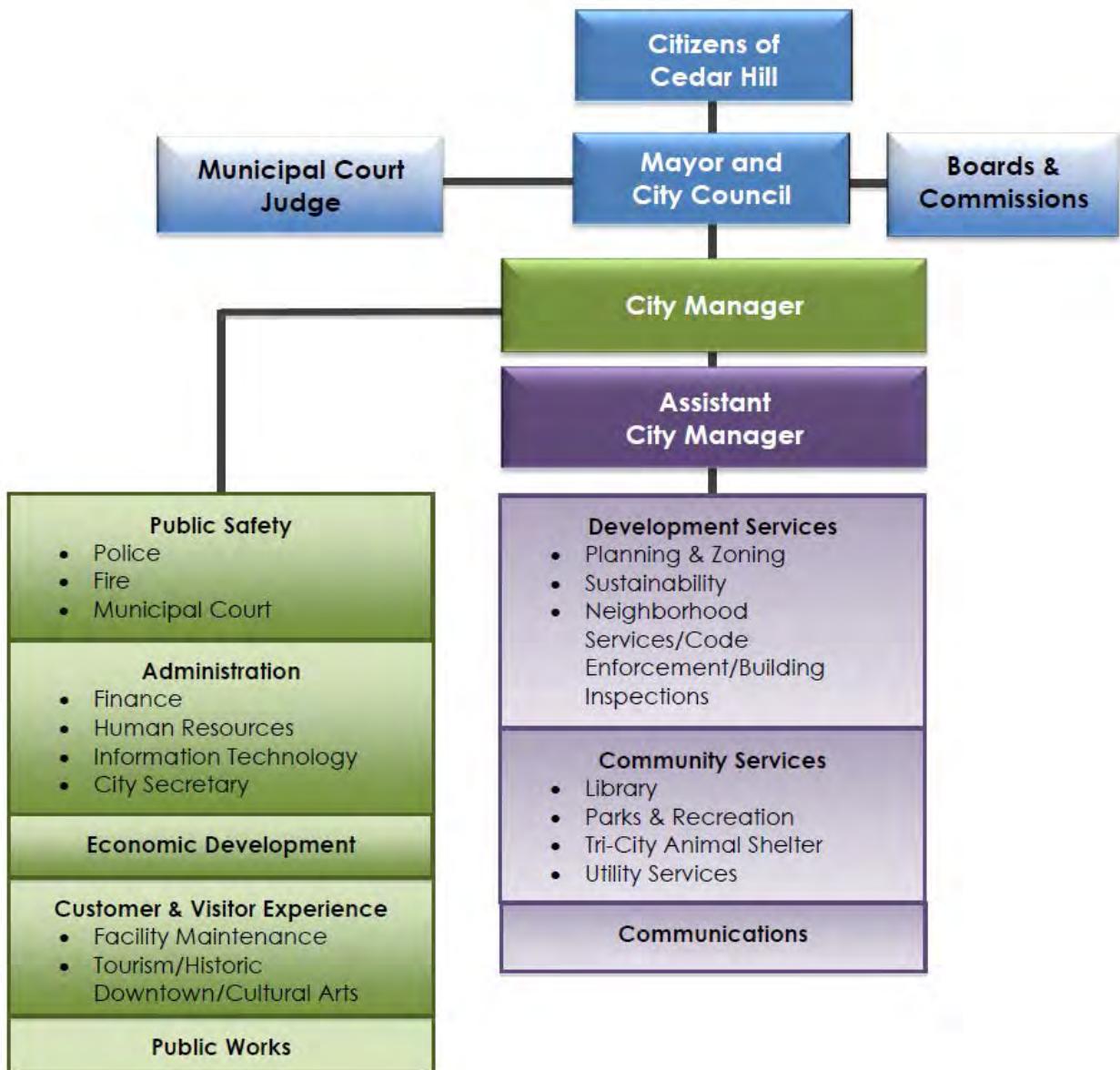
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF CEDAR HILL  
ORGANIZATION CHART  
at September 30, 2017**



**CITY OF CEDAR HILL**  
**List of Principal Officials**  
**at September 30, 2017**

**Elected Officials**

<b>Title</b>	<b>Name</b>
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 Valadez- Cummings
Finance Director .....	Alan Dickerson
City Secretary.....	Belinda Berg
Police Chief .....	Steve Rhodes
Fire Chief.....	John Ballard
Economic Development Director .....	Allison Thompson
Neighborhood Services Director .....	Stacy Graves
Library Director.....	Toni Simmons
Parks & Recreation Director .....	Will Ford
Planning Director.....	LaShondra Stringfellow
Public Works Director .....	Tom Johnson
Information Technology Director.....	Earl Shipman
Tri-City Animal Shelter Manager.....	Tammy Miller
Municipal Court Judge.....	Michael Petty



# CEDAR HILL

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## **FINANCIAL SECTION**



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

## 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, 2017, 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, 2017, 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, 72, 73, 74, 75 and 76 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 fund 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 and 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 26, 2018 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 26, 2018



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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The City of Cedar Hill offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the introductory section and the financial reports that follow in this section.

## **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at September 30, 2017 by \$194,426,987 (net position).
- The City's total net position has increased by \$46,587,207, for the fiscal year ended September 30, 2017, primarily due to a reduction in liabilities of \$90,966,903.
- At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$44,976,287, a decrease of \$46,979,924 from prior year. The \$8,448,918 unassigned fund balance in the General Fund represents 25.9% of total General Fund expenditures.
- The City's total long-term liabilities of \$99,809,596 decreased by \$90,981,405 or 48% during the fiscal year. The City did not issue any new bonded debt during the fiscal year 2017. Total bonded debt decreased by \$7,595,000 and the Joe Pool Contract liability of \$82,683,592 was 100% eliminated.

## **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.

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

**Government-Wide Financial Statements**—the government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances in a manner similar to that of a private-sector business with a goal of ascertaining whether the City is in a better financial position at the end of the fiscal year compared to the previous year. Both are prepared using the economic resources focus and the accrual basis of accounting, meaning that all the current year's revenues and expenses are included regardless of when cash is received or paid.

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

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

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

**Governmental Activities**—Most of the City's basic services are reported here, including general government, public safety, community services, public works, etc. Property taxes, sales taxes and franchise fees provide the majority of financing for these activities.

**Business-Type Activities**—Activities for which the City charges a fee to customers to pay most or all of the costs of a service it provides are reported here. The City's business-type activities include its water and wastewater systems.

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 and sewer.

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.

**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

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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 reports twenty-four individual governmental funds. Information is presented separately in the governmental fund's Balance Sheet and in the governmental fund's Statement of Revenues, Expenditures and Changes in Fund Balances for the City's four major funds (General Fund, Debt Service Fund, Joe Pool Lake Fund and Capital Projects Fund). Financial data for other nonmajor governmental funds are combined into a single, aggregated presentation (Nonmajor Governmental Funds). Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary Funds*—The City 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.

**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.

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Total assets of the City at September 30, 2017 were \$291,758,819, deferred outflows of resources were \$7,941,346, total liabilities were \$105,121,148, and deferred inflows of resources were \$152,030 resulting in a net position balance of \$194,426,987.

The largest portion of the City's net position, \$156,605,326 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.

The table below is provided as a summary of the City's net position at year-end compared to the prior year:

**Condensed Statement of Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current assets	\$ 51,545,929	\$98,541,661	\$12,102,737	\$12,074,789	\$ 63,648,666	\$110,616,450
Capital and other assets	168,469,641	165,112,027	59,640,512	59,880,242	228,110,153	224,992,269
Total assets	220,015,570	263,653,688	71,743,249	71,955,031	291,758,819	335,608,719
Deferred outflow of resources	7,275,152	7,826,338	666,194	213,626	7,941,346	8,039,964
Current liabilities	3,825,701	3,838,817	1,485,851	1,458,233	5,311,552	5,297,050
Noncurrent liabilities	84,189,278	173,868,825	15,620,318	16,922,176	99,809,596	190,791,001
Total liabilities	88,014,979	177,707,642	17,106,169	18,380,409	105,121,148	196,088,051
Deferred inflows of resources	137,526	196,692	14,504	19,075	152,030	215,767
Net position						
Net investment in capital assets	109,712,318	83,215,449	46,893,008	45,050,487	156,605,326	128,265,936
Restricted	11,582,583	8,394,131	1,681,967	1,792,767	13,264,550	10,186,898
Unrestricted	17,843,316	1,966,112	6,713,795	7,420,834	24,557,111	9,386,946
Total net position	\$139,138,217	\$93,575,692	\$55,288,770	\$54,264,088	\$194,426,987	\$147,839,780

An additional portion of the City's net position totaling \$13,264,550 or 6.8%, represent resources that are subject to external restrictions on how these funds can be used. The remaining balances of unrestricted net position \$24,557,111 or 12.6% may be used to meet the City's ongoing obligations to citizens and creditors.

The net position of the City increased by \$46,587,207 or 31.5% % for the fiscal year ended September 30, 2017 due to a reduction in long-term liabilities that resulted in a financial gain on the Joe Pool Lake asset. The primary government's overall revenues increased by \$1,152,243 or 1.7% while overall expenses decreased by \$5,691,934 or 7.9%.

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The fiscal year 2017 compared to fiscal year 2016 changes in the City's net position were as follows:

Changes in Net Position	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 10,034,686	\$ 9,665,900	\$ 17,759,404	\$ 17,415,597	\$ 27,794,090	\$ 27,081,497
Operating grants and contributions	2,537,822	2,666,399	-	-	2,537,822	2,666,399
Capital grants and contributions	1,511,933	4,457,074	1,794,910	380,971	3,306,843	4,838,045
General revenues:						
Property taxes	22,809,120	21,222,889	-	-	22,809,120	21,222,889
Sales taxes	8,903,958	8,674,970	-	-	8,903,958	8,674,970
Hotel/motel taxes	301,690	223,330	-	-	301,690	223,330
Franchise taxes	4,000,294	2,990,157	-	-	4,000,294	2,990,157
Investment earnings	268,574	1,497,708	81,424	46,538	349,998	1,544,246
Gain (loss) on disposal of fixed assets	(67,853)	(12,968)	22,600	(3,859)	(45,253)	(16,827)
Miscellaneous	926,523	508,136	-	-	926,523	508,136
Total revenues	<u>51,226,747</u>	<u>51,893,595</u>	<u>19,658,338</u>	<u>17,839,247</u>	<u>70,885,085</u>	<u>69,732,842</u>
<b>Expenses</b>						
General government	6,947,494	6,767,213	-	-	6,947,494	6,767,213
Public safety	25,618,102	24,862,491	-	-	25,618,102	24,862,491
Public works	5,008,051	11,441,834	-	-	5,008,051	11,441,834
Community service	9,280,829	8,430,316	-	-	9,280,829	8,430,316
Water and sewer services	-	-	17,708,700	18,221,821	17,708,700	18,221,821
Interest and fiscal charges	1,874,383	2,405,818	-	-	1,874,383	2,405,818
Total expenses	<u>48,728,859</u>	<u>53,907,672</u>	<u>17,708,700</u>	<u>18,221,821</u>	<u>66,437,559</u>	<u>72,129,493</u>
Increase in net position before transfers and special item						
Transfers and special item	2,497,888	(2,014,077)	1,949,638	(382,574)	4,447,526	(2,396,651)
Special item - gain on Joe Pool payment	42,139,681	-	-	-	42,139,681	-
Increase in net position before transfers	2,497,888	(2,014,077)	1,949,638	(382,574)	4,447,526	(2,396,651)
Transfers	924,956	2,059,800	(924,956)	(2,059,800)	-	-
Change in net position	45,562,525	45,723	1,024,682	(2,442,374)	46,587,207	(2,396,651)
Net position, beginning 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>
Net position, end of year	<u>\$ 139,138,217</u>	<u>\$ 93,575,692</u>	<u>\$ 55,288,770</u>	<u>\$ 54,264,088</u>	<u>\$ 194,426,987</u>	<u>\$ 147,839,780</u>

**Governmental Activities**—Governmental activities increased the City's net position by \$46,562,525 in comparison with the beginning of the year net position, which is due in large part to a gain of \$42,139,681 recognized on the City's Joe Pool Lake asset. There was a net decrease of \$666,848 or 1.3% in revenues over 2016 and a decrease in governmental expenses by \$5,178,813 or 9.6%. The decrease in expenses was largely related to a reduction in public work's capital expenses. Transfers in from other funds also decreased by \$1,134,844 or 55% which was due to the payoff of the Joe Pool Lake liability resulting in the immediate curtailment of transfers to the Joe Pool Lake Fund to retire the contractual liability. Net position of governmental operations accounts for 71.6% of total net position.

**Business-type Activities**—Business-type activities increased the City's net position by \$1,024,682 in comparison with the beginning of the year net position. Total revenue increased by \$1,819,091 or 10.2%, which was from developer contributions. Business-type activity expenses before transfers have decreased by \$513,121 or 2.8% primarily due to cost of sewer

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treatment. Transfers to other funds decreased by \$1,134,844 due to the retirement of the Joe Pool Lake contract liability retirement which immediately stopped the transfer to the Joe Pool Lake Fund. Net position for business-type activities represents 28.5% of total primary government net position.

### **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 were \$44,976,287. Of this amount, \$8,448,918 or 18.79% constitutes unassigned fund balance and is available for spending at the City's discretion. Fund balances restricted for specific purposes total \$13,541,298 or 30.14%, which are not available for new spending. Specific purposes include non-spendable inventories and prepaid items; amounts restricted by statutes, bond covenants or granting agencies either for debt service payments, grant related use, special taxing districts, or for capital projects. Fund balances committed by City Council total \$22,770,662 or 50.6% and can only be used for the purpose they are committed for and require formal action by City Council to spend.

The General Fund is the main operating fund of the City. The revenues of the General Fund totaled \$32,841,787 and the expenditures of the fund before other financing sources and users, totaled \$32,681,167 for an excess of revenues over expenditures amount of \$160,620. After other financing sources and uses in the General Fund (transfers), the change to fund balance was a decrease of \$540,200. This decrease was an intentional drawdown in order to transfer funds to the City's restricted funds. The City's ending fund balance of \$8,566,391 is 26.2% of operating expenditures and meets the City's policy initiative of 25% of operating expenditures.

Other major funds such as the Debt Service Fund balance has decreased by \$50,931. This decrease was a planned drawdown of fund balance for fiscal charges. The ending fund balance of the Debt Service Fund is 15.8% of expenditures and meets the City's policy initiative of 15%.

The Joe Pool Fund accounts for the resources that were accumulating to pay for the City's investment in the water rights in Joe Pool Lake as discussed in Note 6 of the financial section. The change in fund balance for the year was a decrease of \$40,125,166, which was the result of the early retirement of the long-term contract liability to Trinity River Authority.

The Capital Projects Fund accounts for funds to construct streets and several building renovations. The fund received \$77,998 in investment earnings during the fiscal year and incurred expenditures of \$8,634,515 for capital projects. There were no new bonds sold for capital projects during the fiscal year.

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The fund balances of the Non Major governmental funds group increased by \$989,254. The increase is attributable to taxes (property and sales) as well as charges for services.

**Proprietary Funds**—The City has two proprietary funds, a water and sewer (enterprise) fund and an equipment (internal service) fund. The enterprise fund financial statements provide similar information found in the government-wide financial statements but includes more detail. The Enterprise Fund had operating income of \$303,728 at September 30, 2017. After other non-operating revenues and expenses, transfers and contributions, the net change in the net position of the City's enterprise fund was an increase of \$1,024,682. The unrestricted assets of the Enterprise fund at the end of the fiscal year were \$6,713,795. These assets can be used in operations and pay other legally contracted obligations and debt. The restricted assets of the Enterprise Fund totaled \$1,681,967 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 \$4,646,096. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**General Fund Budgetary Highlights**—Actual General Fund revenue received in comparison to the final budget was a positive variance of \$150,172. General Fund expenditures before transfers had a final budget to actual positive variance of \$582,443. The City had a planned and budgeted drawdown of fund balance reserves of \$1,272,815. However, the City ended the fiscal year with a fund balance drawdown of \$540,200. 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 AND DEBT ADMINISTRATION**

**Capital Assets**—The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities at fiscal year-end totaled \$227,916,174. The investment in capital assets includes land, buildings, equipment, improvements, construction-in-progress (CIP), water rights (Joe Pool Lake), and improvements other than buildings (includes infrastructure). The change in capital assets for the primary government over the prior year increased by \$3,071,229.

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

- Continued construction of Mansfield Roadway, Trail and Streetscape
- Alan E. Sims Recreation Center Equipment Replacement Completed
- Alan E. Sims Recreation Center Landscaping Improvements Completed
- Bear Creek and Highlands Park Improvements Completed
- Shade Structures replaced in various parks
- Various water and sewer mains replaced
- Continued construction of F.M. 1382 Hike and Bike Trail

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

**Capital Assets at Year End**

(net of accumulated depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Land	\$ 15,673,084	\$ 15,673,084	\$ 367,764	\$ 367,764	\$ 16,040,848	\$ 16,040,848
Construction in progress	19,830,647	11,342,218	2,681,692	2,722,670	22,512,339	14,064,888
Buildings	38,450,375	38,766,909	26,950	51,941	38,477,325	38,818,850
Water System	-	-	40,155,337	39,764,292	40,155,337	39,764,292
Sewer System	-	-	16,138,344	16,637,567	16,138,344	16,637,567
Equipment	3,196,468	2,842,920	269,008	333,851	3,465,476	3,176,771
Infrastructure	82,579,052	87,281,412	-	-	82,579,052	87,281,412
Water rights	8,524,207	9,013,635	-	-	8,524,207	9,013,635
Master studies	21,829	44,525	1,417	2,157	23,246	46,682
<b>Total</b>	<b>\$ 168,275,662</b>	<b>\$ 164,964,703</b>	<b>\$ 59,640,512</b>	<b>\$ 59,880,242</b>	<b>\$ 227,916,174</b>	<b>\$ 224,844,945</b>

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

**Long-term debt**—At September 30, 2017, the City had the following long-term liabilities:

**Oustanding Debt and Long-Term Liabilities**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Gross bonded debt:</b>						
General obligation	\$ 58,245,312	\$ 63,920,760	\$ 6,454,688	\$ 7,269,240	\$ 64,700,000	\$ 71,190,000
Certificates of obligation	2,410,000	3,080,000	6,560,000	6,995,000	8,970,000	10,075,000
<b>Total bonded debt</b>	<b>60,655,312</b>	<b>67,000,760</b>	<b>13,014,688</b>	<b>14,264,240</b>	<b>73,670,000</b>	<b>81,265,000</b>
<b>Other long-term debt:</b>						
Contractual obligation	-	82,683,592	-	-	-	82,683,592
Unamortized premiums	4,503,276	5,389,920	877,422	1,043,341	5,380,698	6,433,261
Compensated absences	4,180,428	5,200,325	195,025	215,870	4,375,453	5,416,195
OPEB	410,288	367,022	62,165	55,609	472,453	422,631
Net pension liability	14,439,972	13,227,206	1,471,017	1,343,116	15,910,989	14,570,322
<b>Total other long-term debt</b>	<b>23,533,964</b>	<b>106,868,065</b>	<b>2,605,629</b>	<b>2,657,936</b>	<b>26,139,593</b>	<b>109,526,001</b>
<b>Total</b>	<b>\$ 84,189,276</b>	<b>\$ 173,868,825</b>	<b>\$ 15,620,317</b>	<b>\$ 16,922,176</b>	<b>\$ 99,809,593</b>	<b>\$ 190,791,001</b>

The total bonded debt outstanding of the City is \$73,670,000, which is backed by the full faith and credit of the City with a property tax pledge.

The total outstanding for the general government was \$60,655,312 in bonded debt while that of the business-type was \$13,014,688. 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 self-supported outstanding bonded indebtedness by these entities totals \$28,714,688 or 39% of the total bonded debt of the primary government.

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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. The City maintains a 43.21% share of Joe Pool Lake water rights. The City has set aside funds since the 1995 fiscal year to pay this obligation. During the year, the City retired early its \$82,683,592 long-term contract liability for water rights it purchased in 1975. The Joe Pool Lake contract liability was 100% retired on December 21, 2016.

Other long-term liabilities relates to compensated absences, unamortized premiums, OPEB and Pension liabilities as identified in the table below. Additional information is detailed in the Notes to the Basic Financial Statements (Note 6).

The City's bond ratings by Standard & Poor's and Moody's Investor Services are currently as follows:

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

## **COMPONENT UNITS**

**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. A one-eighth of one percent sales tax (\$.00375) is collected to support EDC operations. The EDC's net position at September 30, 2017 was \$10,536,705. The EDC increased its net position by \$834,080 or 8.6%.

The EDC's net investment in capital assets was \$2,904,837 with unrestricted assets of \$7,631.868. The unrestricted assets are available for permitted uses by the EDC Board of Directors. The EDC fund balance at September 30, 2017 was \$7,688,749. The EDC's total revenues were \$3,021,569 of which \$2,939,899 was from sales taxes. For the year, the EDC had expenditures of \$2,527,080, and of this amount, \$1,169,115 was contractually required payments to the City for debt service payments.

The EDC's Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances can be viewed in the Other Supplemental Information section of this report.

**Community Development Corporation (CDC)**—is a legally separate governmental entity tasked with bringing recreational, park facility development and tourism opportunities to the City. A one-half of one percent sales tax (\$.0050) supports the CDC's primary operations with supplements from fees and charges for recreational programs through the Alan E. Sims Recreation Center. The CDC's net position at September 30, 2017 was \$10,116,671. The CDC increased its net position by \$145,236.

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The CDC's net investment in capital assets was \$2,574,734 with unrestricted assets of \$7,541,937. The unrestricted assets are available for permitted uses by the CDC Board of Directors. The CDC fund balance at September 30, 2017 was \$7,674,411. The CDC's total revenues were \$4,792,255 of which \$3,919,866 or 81.8% was from sales taxes. There were \$643,483 or 13.4% in revenue from fees supporting programs at the Alan E. Sims Recreation Center.

For the year, the CDC had expenditures of \$4,268,782, and of this amount, \$743,990 or 17.4% was contractually required payments to the City for debt service payments and \$947,184 or 22.2% were capital related expenditures for park improvements, trail improvements (F.M. 1382), exercise equipment and building infrastructure improvements at the Alan E. Sims Recreation Center.

The CDC Board has committed funding to the F.M. 1382 Hike and Bike Trail in the amount of \$2.7 million.

The CDC's Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances can be viewed in the Other Supplemental Information section of this report.

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

The City is optimistic that the upward trend of growth will continue into the next decade. Valuation data released from the Dallas and Ellis County Appraisal Districts indicate taxable values will continue to increase. Building and development growth rates indicate healthy activities in the residential multi-family and commercial/retail sectors for the City and the region. A major developer is entering the Cedar Hill market to construct a 20-acre mixed-use development with a multi-family component consisting of 300 apartment units. The development will host a vibrant boutique commercial district to include retail, restaurants and a professional office space. The development will have connectivity to green space and trails to further the City's vision for the City Center, a walkable commercial core with unique amenities for residents and visitors.

The City is also experiencing the redevelopment in the City's old town and reinvestment in multi-family properties that will be spurring economic development. The City's core and premier life-style center shopping district (Hillside Village) continues to thrive with recent experiential enhancements completed by its owner that attract consumers today. The City recently completed and executed a public-private-partnership for a new upscale hotel and conference center located adjacent to the Hillside Village Shopping District. It is anticipated that the hotel and conference center will bring visitors and meeting attendees to Cedar Hill to dine and shop.

Concurrently with retail and multi-family growth, the City is also experiencing office space growth. There is currently platted and in development 4900 square feet of medical office space and plans for additional 7,000 square feet of professional office space. This development is in the southeast sector of the City in a major cross roads area.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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Tourism events in the City is a major support for the retail and service industry. Bike rallies and races, concerts, farmer's markets and sports tournaments keep visitors coming to the City. These events have spurred development in the hotel and restaurant business. In fiscal year 2017 and into fiscal year 2018, the City has in development a Fairfield Inn Hotel complemented with a Hooters Restaurant being built in the City Center.

**Budget and Planning**—Although there are trends of growth in the residential and commercial tax base of the City, the 2018 budget was developed with fiscal conservative initiatives and with the attitude of growing the budget smartly. The City's elected and appointed officials considered many factors when setting the fiscal year 2018 budget and tax rate:

- A 7% increase in assessed taxable property values
- Maintaining the same tax rate as 2017 and the prior four years
- A 4% increase in sales tax collections based on trends
- The City's very strong financial position

The general fund's largest single revenue source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2018 has remained the same at \$0.69876 cents per \$100 valuation. The property tax rate and levy resulted in budgeted tax revenues of \$24,000,000 for general and debt purposes for fiscal year 2018. The budgeted tax revenue increase was \$1,400,000 or 6% over fiscal year 2017.

The City expects a steady trend of upward revenue growth in other governmental activities overall due to expected population growth and further developments.

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 2018 budget included a 4% increase in sales tax. In November 2012, voters approved the creation of a Crime Control and Prevention District (CCPD) and authorized the re-allocation of one-eighth cent from the EDC to the CCPD. The State Comptroller began collecting the adjusted sales tax rates beginning July 1, 2013. 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.

For 2018, General Fund revenues are expected to increase by 4.2% and expenditures are budgeted to increase by 5.7% prior to other financing sources and transfers out, respectively, over FY2017 revenues and expenditures. The General Fund fund balance is expected to remain well above the 25% fiscal policy minimum.

For 2018, Utility Fund operating revenues were budgeted to decrease by 8% due to water sales projections from the prior year. Operating expenses for 2018 were projected to decrease by 10% primarily for reductions in debt service requirements and capital outlay expenses. The working capital balances of the City's Utility are healthy and meet financial policy initiatives.

The City completed a comprehensive utility rate and cost of service study with the result of no need for a rate increase for 2018. The rate study will be updated during fiscal year 2018.

**CITY OF CEDAR HILL, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2017**

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***Capital Planning Budget***—The City's approved appropriations for capital projects in fiscal year 2018 totals \$10,000,000. The voters approved a \$45,000,000 general obligation referendum in fiscal year 2018 for park improvements, a new library, improvements to the Senior Center and various street infrastructure improvements. The City will sell bonds for \$4,200,000 of the 2018 approved general obligation bonds and \$5,800,000 in certificates of obligations for trails and water and sewer improvements.

**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, 2017**

**EXHIBIT A-1**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Community Development Corporation	Economic Development Corporation
<b>ASSETS</b>					
Equity in pooled cash and cash equivalents	\$ 43,338,305	\$ 6,852,726	\$ 50,191,031	\$ 7,271,055	\$ 5,616,820
Investments	3,404,352	-	3,404,352	-	1,630,897
Receivables (net of allowances for uncollectible):					
Taxes	2,007,120	-	2,007,120	648,946	486,703
Franchise taxes	702,803	-	702,803	-	-
Accounts	-	2,951,478	2,951,478	-	-
Miscellaneous	1,965,795	-	1,965,795	24,435	-
Interest	10,081	-	10,081	-	1,146
Inventory	14,025	-	14,025	-	-
Prepaid and other items	103,448	-	103,448	-	21,017
Restricted assets:					
Capital recovery fee funds-equity in pooled cash and investments	-	622,489	622,489	-	-
Deposits-equity in pooled cash and investments	-	616,566	616,566	-	-
Pro rata funds-equity in pooled cash and investments	-	8,766	8,766	-	-
Bond proceeds-equity in pooled cash and investments	-	1,050,712	1,050,712	-	-
Capital assets:					
Nondepreciable	35,503,731	3,049,456	38,553,187	2,574,734	2,832,944
Depreciable-net of accumulated depreciation	132,771,931	56,591,056	189,362,987	-	71,893
Other assets	193,979	-	193,979	-	-
<b>TOTAL ASSETS</b>	<b>220,015,570</b>	<b>71,743,249</b>	<b>291,758,819</b>	<b>10,519,170</b>	<b>10,661,420</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refundings	1,001,384	18,650	1,020,034	-	-
Pension contributions after measurement date	2,039,986	215,141	2,255,127	-	-
Pension assumption	426,901	45,022	471,923	-	-
Pension investment experience	3,015,587	303,931	3,319,518	-	-
Pension actuarial experience	791,294	83,450	874,744	-	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>7,275,152</b>	<b>666,194</b>	<b>7,941,346</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts payable	872,967	591,068	1,464,035	60,822	46,178
Accrued liabilities	2,660,578	137,588	2,798,166	70,068	21,656
Unearned revenue	-	-	-	120,774	-
Customer deposits	-	616,566	616,566	18,361	-
Interest payable	292,156	58,559	350,715	-	-
Payable from restricted assets-current	-	82,070	82,070	-	-
Noncurrent liabilities:					
Due within one year	8,883,340	1,537,617	10,420,957	58,273	18,458
Due in more than one year	75,305,938	14,082,701	89,388,639	74,201	38,423
<b>TOTAL LIABILITIES</b>	<b>88,014,979</b>	<b>17,106,169</b>	<b>105,121,148</b>	<b>402,499</b>	<b>124,715</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension actuarial experience	137,526	14,504	152,030	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>137,526</b>	<b>14,504</b>	<b>152,030</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	109,712,318	46,893,008	156,605,326	2,574,734	2,904,837
Restricted for:					
Debt service	1,231,640	-	1,231,640	-	-
Construction	7,637,122	1,681,967	9,319,089	-	-
Dispatch center	193,979	-	193,979	-	-
Other	2,519,842	-	2,519,842	-	-
Unrestricted	17,843,316	6,713,795	24,557,111	7,541,937	7,631,868
<b>TOTAL NET POSITION</b>	<b>\$ 139,138,217</b>	<b>\$ 55,288,770</b>	<b>\$ 194,426,987</b>	<b>\$ 10,116,671</b>	<b>\$ 10,536,705</b>

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

**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED  
SEPTEMBER 30, 2017**

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Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government	\$ 6,947,494	\$ 843,914	\$ -	\$ -
Public safety	25,618,102	5,550,066	585,617	-
Public works	5,008,051	114,914	12,500	1,511,933
Community services	9,280,829	3,525,792	26,600	-
Interest and fiscal charges	1,874,383	-	1,913,105	-
<b>Total governmental activities</b>	<b>48,728,859</b>	<b>10,034,686</b>	<b>2,537,822</b>	<b>1,511,933</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water and sewer	17,708,700	17,759,404	-	1,794,910
<b>Total business-type activities</b>	<b>17,708,700</b>	<b>17,759,404</b>	<b>-</b>	<b>1,794,910</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 66,437,559</b>	<b>\$ 27,794,090</b>	<b>\$ 2,537,822</b>	<b>\$ 3,306,843</b>
<b>COMPONENT UNITS:</b>				
Community Development Corporation	4,647,019	643,483	-	-
Economic Development Corporation	2,507,912	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 7,154,931</b>	<b>\$ 643,483</b>	<b>\$ -</b>	<b>\$ -</b>
<b>GENERAL REVENUES:</b>				
Taxes:				
Property Taxes				
Sales Taxes				
Hotel/motel Taxes				
Franchise Taxes				
Investment earnings				
Gain (loss) on disposal				
Miscellaneous				
<b>SPECIAL ITEM - gain on Joe Pool payment agreement</b>				
<b>TRANSFERS</b>				
<b>Total general revenues and transfers</b>				
<b>CHANGE IN NET POSITION</b>				
<b>NET POSITION-Beginning</b>				
<b>NET POSITION-Ending</b>				

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

**EXHIBIT A-2**

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<b>Net (Expenses) Revenues and Changes in NET POSITION</b>				
<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Community Development</b>	<b>Economic Development</b>
\$ (6,103,580)	\$ -	\$ (6,103,580)	\$ -	\$ -
(19,482,419)	-	(19,482,419)	-	-
(3,368,704)	-	(3,368,704)	-	-
(5,728,437)	-	(5,728,437)	-	-
38,722	-	38,722	-	-
<u>(34,644,418)</u>	<u>-</u>	<u>(34,644,418)</u>	<u>-</u>	<u>-</u>
 - 1,845,614	 1,845,614	 1,845,614	 -	 -
 - 1,845,614	 1,845,614	 1,845,614	 -	 -
 (34,644,418)	 1,845,614	 (32,798,804)	 -	 -
 - -	 - -	 - -	 (4,003,536)	 -
 - -	 - -	 - -	 -	 <u>(2,507,912)</u>
 - -	 - -	 - -	 <u>(4,003,536)</u>	 <u>(2,507,912)</u>
  22,809,120	  -	  22,809,120	  -	  -
8,903,958	-	8,903,958	3,919,866	2,939,899
301,690	-	301,690	-	-
4,000,294	-	4,000,294	-	-
268,574	81,424	349,998	59,144	63,515
(67,853)	22,600	(45,253)	-	320,423
926,523	-	926,523	169,762	18,155
42,139,681	-	42,139,681	-	-
924,956	(924,956)	-	-	-
 80,206,943	 (820,932)	 79,386,011	 4,148,772	 3,341,992
45,562,525	1,024,682	46,587,207	145,236	834,080
93,575,692	54,264,088	147,839,780	9,971,435	9,702,625
 <u>\$ 139,138,217</u>	 <u>\$ 55,288,770</u>	 <u>\$ 194,426,987</u>	 <u>\$ 10,116,671</u>	 <u>\$ 10,536,705</u>

**CITY OF CEDAR HILL, TEXAS**  
**BALANCE SHEET-GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2017**

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<b>ASSETS</b>	<b>Debt Service</b>		
	<b>General</b>	<b>Fund</b>	<b>Joe Pool Fund</b>
<b>EQUITY IN POOLED CASH AND CASH EQUIVALENTS</b>	\$ 7,835,087	\$ 1,396,399	\$ 15,152,402
<b>INVESTMENTS</b>	-	-	3,404,352
<b>RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES):</b>			
Taxes	1,675,671	127,397	-
Franchise taxes	681,451	-	-
Miscellaneous	1,398,385	-	-
Interest	2,780	-	7,301
<b>PREPAID ITEMS</b>	103,448	-	-
<b>INVENTORY</b>	14,025	-	-
<b>TOTAL ASSETS</b>	<u>\$ 11,710,847</u>	<u>\$ 1,523,796</u>	<u>\$ 18,564,055</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	367,970	-	-
Accrued liabilities	1,360,622	-	-
<b>Total liabilities</b>	<u>1,728,592</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	1,415,864	127,397	-
<b>Total deferred inflows of resources</b>	<u>1,415,864</u>	<u>127,397</u>	<u>-</u>
<b>FUND BALANCES:</b>			
Nonspendable			
Prepaid and inventory	117,473	-	-
Restricted for:			
Construction	-	-	-
PID use	-	-	-
Tourism	-	-	-
Public safety	-	-	-
Debt service	-	1,396,399	-
Committed for:			
Library	-	-	-
Landscaping	-	-	-
Construction	-	-	-
Building maintenance	-	-	-
Joe Pool	-	-	18,564,055
Assigned	-	-	-
Unassigned	8,448,918	-	-
<b>Total fund balances</b>	<u>8,566,391</u>	<u>1,396,399</u>	<u>18,564,055</u>
<b>TOTAL</b>	<u>\$ 11,710,847</u>	<u>\$ 1,523,796</u>	<u>\$ 18,564,055</u>

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

**EXHIBIT B-1**

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<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,593,857	\$ 11,887,451	\$ 41,865,196
-	-	3,404,352
-	204,052	2,007,120
-	21,352	702,803
100,223	448,828	1,947,436
-	-	10,081
-	-	103,448
-	-	14,025
<b><u>\$ 5,694,080</u></b>	<b><u>\$ 12,561,683</u></b>	<b><u>\$ 50,054,461</u></b>
172,422	321,585	861,977
<u>933,110</u>	<u>366,846</u>	<u>2,660,578</u>
<b><u>1,105,532</u></b>	<b><u>688,431</u></b>	<b><u>3,522,555</u></b>
-	12,358	1,555,619
-	12,358	1,555,619
-	-	117,473
4,588,548	5,470,831	10,059,379
-	368,849	368,849
-	912,273	912,273
-	804,398	804,398
-	-	1,396,399
-	107,118	107,118
-	1,377,018	1,377,018
-	2,545,026	2,545,026
-	177,445	177,445
-	-	18,564,055
-	97,936	97,936
-	-	8,448,918
<b><u>4,588,548</u></b>	<b><u>11,860,894</u></b>	<b><u>44,976,287</u></b>
<b><u>\$ 5,694,080</u></b>	<b><u>\$ 12,561,683</u></b>	<b><u>\$ 50,054,461</u></b>

**CITY OF CEDAR HILL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE**  
**SHEET TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

**EXHIBIT B-2**

<b>TOTAL FUND BALANCES-Governmental funds</b>	<b>\$ 44,976,287</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (including internal service fund assets of \$2,245,934).	168,275,662
The regional dispatch center is not reported at the fund level.	193,979
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.	1,555,619
Deferred outflows of resources - unamortized loss on refunding bonds.	1,001,384
TMRS net pension related deferred outflows and inflows	6,136,242
Bond interest is not payable with current financial resources and is therefore not accrued at the fund level.	(292,156)
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	(58,245,312)
Certificates of obligation	(2,410,000)
Unamortized premiums	(4,503,278)
Compensated absences	(4,180,428)
OPEB liability	(410,288)
Net pension liability	(14,439,972)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of the internal service funds are included with governmental activities. Amount represents net position excluding capital assets included above.	1,480,478
<b>TOTAL NET POSITION-Governmental activities</b>	<b>\$ 139,138,217</b>



**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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	<b>General</b>	<b>Debt Service Fund</b>	<b>Joe Pool Fund</b>
<b>REVENUES:</b>			
Taxes	\$ 24,539,603	\$ 5,986,504	\$ -
Franchise taxes	3,443,661	-	-
License and permits	807,719	-	-
Intergovernmental	636,445	1,913,105	-
Charges for services	1,555,138	-	-
Fines and forfeitures	1,137,959	-	-
Investment earnings	105,769	19,144	(43,755)
Miscellaneous	<u>615,493</u>	<u>10,008</u>	<u>-</u>
<b>Total revenues</b>	<b><u>32,841,787</u></b>	<b><u>7,928,761</u></b>	<b><u>(43,755)</u></b>
<b>EXPENDITURES:</b>			
Current:			
General government	5,314,398	-	-
Public works	2,230,438	-	-
Public safety	20,447,471	-	-
Community services	4,685,888	-	-
Debt service:			
Principal retirement	-	6,345,448	40,543,911
Interest and fiscal charges	-	2,506,334	-
Capital outlay:			
General government	-	-	-
Public works	516	-	-
Public safety	2,456	-	-
Community services	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<b><u>32,681,167</u></b>	<b><u>8,851,782</u></b>	<b><u>40,543,911</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b><u>160,620</u></b>	<b><u>(923,021)</u></b>	<b><u>(40,587,666)</u></b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfer in	408,470	872,090	462,500
Transfer out	<u>(1,109,290)</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<b><u>(700,820)</u></b>	<b><u>872,090</u></b>	<b><u>462,500</u></b>
<b>CHANGE IN FUND BALANCES</b>	<b><u>(540,200)</u></b>	<b><u>(50,931)</u></b>	<b><u>(40,125,166)</u></b>
<b>FUND BALANCES-Beginning</b>	<b><u>9,106,591</u></b>	<b><u>1,447,330</u></b>	<b><u>58,689,221</u></b>
<b>FUND BALANCES-Ending</b>	<b><u>\$ 8,566,391</u></b>	<b><u>\$ 1,396,399</u></b>	<b><u>\$ 18,564,055</u></b>

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

**EXHIBIT B-3**

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<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 1,807,968	\$ 32,334,075
- -	87,773	3,531,434
- -	- -	807,719
1,018,680	43,327	3,611,557
- -	3,002,304	4,557,442
- -	798,799	1,936,758
77,998	95,931	255,087
<u>100,000</u>	<u>672,577</u>	<u>1,398,078</u>
<u>1,196,678</u>	<u>6,508,679</u>	<u>48,432,150</u>
3,869	3,775	5,322,042
- -	18,791	2,249,229
- -	2,308,492	22,755,963
- -	2,806,526	7,492,414
- -	- -	46,889,359
- -	- -	2,506,334
- -	863	863
<u>8,630,646</u>	<u>-</u>	<u>8,631,162</u>
- -	108,325	110,781
<u>- -</u>	<u>378,883</u>	<u>378,883</u>
<u>8,634,515</u>	<u>5,625,655</u>	<u>96,337,030</u>
<u>(7,437,837)</u>	<u>883,024</u>	<u>(47,904,880)</u>
184,956	1,096,790	3,024,806
<u>-</u>	<u>(990,560)</u>	<u>(2,099,850)</u>
<u>184,956</u>	<u>106,230</u>	<u>924,956</u>
<u>(7,252,881)</u>	<u>989,254</u>	<u>(46,979,924)</u>
<u>11,841,429</u>	<u>10,871,640</u>	<u>91,956,211</u>
<u>\$ 4,588,548</u>	<u>\$ 11,860,894</u>	<u>\$ 44,976,287</u>

**CITY OF CEDAR HILL, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO**  
**THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**EXHIBIT B-4**

<b>NET CHANGE IN FUND BALANCES-Total governmental funds</b>	<b>\$ (46,979,924)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
This amount does not include \$1,374,255 of capital assets acquired by the internal service fund.	10,375,451
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.	(7,179,819)
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.	46,655
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.	(23,148)
Additions to vacation and sick liabilities are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.	1,019,897
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.	(43,266)
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.	(1,473,243)
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.	46,889,359
Gain on retirement of water rights obligation are only reported at the government-wide level.	42,139,681
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.	886,644
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.	(231,545)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	222,712
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.	(148,127)
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.	61,198
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 45,562,525</u></b>

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>ASSETS:</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 6,852,726	\$ 1,483,126
Receivables (net, of allowances for uncollectibles):		
Accounts	2,951,478	18,359
Restricted assets:		
Customer deposits	616,566	-
Capital recovery fee funds-equity in pooled cash and cash equivalents	622,489	-
Pro rata funds-equity in pooled cash and cash equivalents	8,766	-
Bond proceeds-equity in pooled cash and cash equivalents	1,050,712	-
<b>Total current assets</b>	<b>12,102,737</b>	<b>1,501,485</b>
Noncurrent assets:		
Capital assets:		
Nondepreciable	3,049,456	-
Depreciable-net of accumulated depreciation	56,591,056	3,165,618
<b>Total noncurrent assets</b>	<b>59,640,512</b>	<b>3,165,618</b>
<b>Total assets</b>	<b>71,743,249</b>	<b>4,667,103</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	18,650	-
Pension contributions and investment experience	215,141	-
Pension assumption	45,022	-
Pension investment experience	303,931	-
Pension actuarial experience	83,450	-
<b>Total deferred outflows of resources</b>	<b>666,194</b>	<b>-</b>

**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2017**

**EXHIBIT C-1**

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>
<b>LIABILITIES:</b>		
Current liabilities:		
Payable from current assets:		
Accounts and contracts payable	591,068	21,007
Accrued liabilities	137,588	-
Compensated absences-current	87,761	-
<b>Total payable from current assets</b>	<b>816,417</b>	<b>21,007</b>
Payable from restricted assets:		
Accrued liabilities	82,070	-
Accrued Interest	58,559	-
Customer deposits	616,566	-
Certificates of obligation	450,000	-
General obligation bonds payable	846,483	-
Unamortized premiums	153,373	-
<b>Total payable from restricted assets</b>	<b>2,207,051</b>	<b>-</b>
<b>Total current liabilities</b>	<b>3,023,468</b>	<b>21,007</b>
Noncurrent liabilities:		
OPEB liability	62,165	-
Combination tax and revenue certificates of obligation	6,110,000	-
General obligation bonds payable	5,608,205	-
Unamortized bond premiums	724,050	-
Pension liability	1,471,017	-
Compensated absences	107,264	-
<b>Total noncurrent liabilities</b>	<b>14,082,701</b>	<b>-</b>
<b>Total liabilities</b>	<b>17,106,169</b>	<b>21,007</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension actuarial experience	14,504	-
<b>Total deferred inflows of resources</b>	<b>14,504</b>	<b>-</b>
<b>NET POSITION:</b>		
Net investment in capital assets	46,893,008	3,165,618
Restricted for:		
Construction	1,681,967	-
Unrestricted	6,713,795	1,480,478
<b>Total net position</b>	<b>\$ 55,288,770</b>	<b>\$ 4,646,096</b>

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

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2017**

**EXHIBIT C-2**

	<b>Business-Type Activities</b>	
	<b>Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES:</b>		
Water sales	\$ 9,727,964	\$ -
Sewer charges	7,638,292	-
Other charges	313,168	875,721
<b>Total operating revenues</b>	<b>17,679,424</b>	<b>875,721</b>
<b>OPERATING EXPENSES:</b>		
Sewage treatment	5,020,910	-
Purchase of water	3,622,867	-
Personnel services	3,008,721	-
Depreciation	2,100,682	708,754
Gross receipts fee	900,000	-
Heat, light and power	344,652	-
Maintenance	567,298	-
Contractual services	1,308,768	-
Materials and supplies	353,115	218,889
Miscellaneous	148,683	-
<b>Total operating expenses</b>	<b>17,375,696</b>	<b>927,643</b>
<b>OPERATING INCOME (LOSS)</b>	<b>303,728</b>	<b>(51,922)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
Other non-operating revenue	79,980	19,359
Investment income	81,424	13,487
Interest and fiscal charges	(333,004)	-
Gain (loss) on retirement of assets	22,600	80,274
<b>Total nonoperating revenue (expenses)</b>	<b>(149,000)</b>	<b>113,120</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>		
	154,728	61,198
Contributions-tap fees and other	1,794,910	-
Transfers out	(924,956)	-
<b>Total contributions and transfers</b>	<b>869,954</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>1,024,682</b>	<b>61,198</b>
<b>NET POSITION-October 1</b>	<b>54,264,088</b>	<b>4,584,898</b>
<b>NET POSITION-End of year</b>	<b>\$ 55,288,770</b>	<b>\$ 4,646,096</b>

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



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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	<b>Business-Type Activities</b>	<b>Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 17,538,170	\$ 875,721	
Cash paid to suppliers	(12,165,510)	(216,240)	
Cash paid to employees for services	(3,040,155)	-	
<b>Net cash provided by operations</b>	<b>2,332,505</b>		<b>659,481</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to (from) other funds	(924,956)	-	
<b>Net cash used in noncapital financing activities</b>	<b>(924,956)</b>		<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(439,592)	(972,209)	
Proceeds from sales of assets	22,600	80,274	
Other non-operating sources	79,980	19,359	
Contributions - tap fees and other	309,369	-	
Proceeds from grant	64,181	-	
Principal paid on outstanding bonds	(1,249,552)	-	
Interest paid on related debt financing	(359,360)	-	
<b>Net cash used in capital and related financing activities</b>	<b>(1,572,374)</b>		<b>(872,576)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	82,734	13,592	
<b>Net cash provided by investing activities</b>	<b>82,734</b>		<b>13,592</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(82,091)</b>		<b>(199,503)</b>
<b>CASH AND CASH EQUIVALENTS-Beginning of year</b>	<b>9,233,350</b>		<b>1,682,629</b>
<b>CASH AND CASH EQUIVALENTS-End of year</b>	<b>\$ 9,151,259</b>		<b>\$ 1,483,126</b>

**EXHIBIT C-3**

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	<b>Business-Type Activities</b>	<b>Enterprise Funds</b>	<b>Governmental Activities</b>
	<b>Water and Sewer Fund</b>	<b>Internal Service Funds</b>	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income(loss)			
	<u>\$ 303,728</u>	<u>\$ (51,922)</u>	
Adjustments:			
Depreciation expense	2,100,682	708,754	
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(141,559)	(18,358)	
(Increase) decrease in prepaids	30,210	-	
Increase (Decrease) in accounts payable	(43,333)	-	
Increase (Decrease) in accrued liabilities	29,204	21,007	
Increase (Decrease) in customer deposits	74,418	-	
Increase (Decrease) in compensated absences	(20,845)	-	
<b>Total adjustments</b>	<u>2,028,777</u>	<u>711,403</u>	
<b>NET CASH PROVIDED BY OPERATIONS</b>	<u>\$ 2,332,505</u>	<u>\$ 659,481</u>	
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets	<u>\$ 1,587,278</u>	<u>\$ -</u>	
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>			
Equity in pooled cash and cash equivalents	6,852,726	1,483,126	
Restricted-customer deposits	616,566	-	
Restricted-capital recovery fee funds-equity in pooled cash and investments	622,489	-	
Restricted-pro rata funds-equity in pooled cash and cash equivalents	8,766	-	
Restricted-bond proceeds-equity in pooled cash and cash equivalents	<u>1,050,712</u>	<u>-</u>	
	<u>\$ 9,151,259</u>	<u>\$ 1,483,126</u>	

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2017**

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**EXHIBIT D-1**

<b>Pension Trust Fund</b>	
<b>Police Reserves</b>	
<b>Benefit Fund</b>	
Investments	\$ 119,131
<b>Total assets</b>	<b><u>119,131</u></b>
 <b>NET POSITION:</b>	
Net position restricted for pensions	<u>119,131</u>
<b>Total NET POSITION</b>	<b><u>119,131</u></b>

**CITY OF CEDAR HILL, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**EXHIBIT D-2**

	<u>Pension Trust Fund</u>
	<u>Police Reserves Benefit Fund</u>
<b>ADDITIONS:</b>	
Contributions from employer	\$ 361
Investment income	<u>11,139</u>
<b>Total additions</b>	<u>11,500</u>
<b>DEDUCTIONS:</b>	
Pension payments	14,400
Special services	<u>1,986</u>
<b>Total deductions</b>	<u>16,386</u>
<b>NET DECREASE</b>	(4,886)
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS-Beginning of year</b>	<u>124,017</u>
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS-End of year</b>	<u>\$ 119,131</u>



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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

The financial statements of the City have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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, 2017. 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, 2017**

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

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

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

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

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

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

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

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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

Property taxes, franchise taxes, 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 *Capital Projects 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, 2017**

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed. 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, 2017**

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**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, 2017, 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, 2017.

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, 2017**

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**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 acquisition 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, 2017**

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**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, 2017**

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**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.

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**  
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**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.

	Restricted for:	
	Construction	Other
Capital Projects	\$ 3,483,016	\$ -
Capital Recovery	3,811,816	-
Park Development Fee Fund	342,290	-
Police Forfeiture	-	101,624
Hotel Occupancy	-	903,729
High Pointe PID	-	89,109
Waterford Oaks PID	-	224,300
Winding Hollow PID	-	27,307
Traffic Safety	-	249,039
PEG	-	513,001
Crime Control	-	304,776
Animal Shelter	-	106,957
Total	<u>\$ 7,637,122</u>	<u>\$ 2,519,842</u>

*12. New accounting standards effective in FY 2017*

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

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.

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

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

*12. New accounting standards effective in FY 2017, continued*

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 in order to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time.

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. 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.

*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. 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. 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*

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

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

*13. New accounting standards effective in future years, continued*

*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.* 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. This Statement is 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, then 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.

*GASB Statement No. 86, Certain Debt Extinguishments* is effective for periods beginning after June 15, 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeated in substance.

*GASB Statement No. 87, Leases* is effective for periods beginning after December 15, 2019. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**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*

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Included in the statement of net position and the statement of fiduciary net position are cash and investments totaling \$56,013,047, 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	\$ 31,907,838	\$ 31,907,838	\$ -	\$ -	\$ -
Certificates of deposit	19,563,701	-	19,563,701	-	-
Investment pools	1,018,025	1,018,025	-	-	-
<b>Total cash</b>	<b>\$ 52,489,564</b>	<b>\$ 32,925,863</b>	<b>\$ 19,563,701</b>	<b>\$ -</b>	<b>\$ -</b>
City investments:					
Municipal bonds and agencies	\$ 3,404,352	\$ -	\$ -	\$ -	\$ 3,404,352
<b>Total investments</b>	<b>\$ 3,404,352</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,404,352</b>
<b>Total cash and investments—city</b>	<b>\$ 55,893,916</b>	<b>\$ 32,925,863</b>	<b>\$ 19,563,701</b>	<b>\$ -</b>	<b>\$ 3,404,352</b>
Pension trust:					
Equities	\$ 119,131	\$ 119,131	\$ -	\$ -	\$ -
	<b>\$ 119,131</b>	<b>\$ 119,131</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

At September 30, 2017, the City had the following recurring fair value measurements.

	<u>9/30/2017</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level				
Debt securities				
Municipal bonds	\$ 3,404,352	\$ -	\$ 3,404,352	\$ -
Total Investments by fair value level - City	<u>\$ 3,404,352</u>	<u>\$ -</u>	<u>\$ 3,404,352</u>	<u>\$ -</u>
Pension trust				
Equities	<u>\$ 119,131</u>	<u>\$119,131</u>	<u>\$ -</u>	<u>\$ -</u>

**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 \$44,788,986 and the bank balance was \$45,061,062. 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.

**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

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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:

<u>Description</u>	<u>Issuer</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Type</u>	<u>Fitch</u>	<u>S&amp;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	

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

**Interest Rate Risk**

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

Portfolio Type	Maximum Average Maturity	Maximum Final Maturity
Consolidated funds	Weighted-average maturity of 365 days	Three years
Debt service funds	None set	Shall not have a stated final date that exceeds corresponding debt service payment date
Debt reserve funds	None set	Call date or shall not have a final maturity date exceeds the corresponding debt service
Joe Pool Funds (see footnote 6—other obligations)	None set	The shorter of anticipated cash outflows or five years; prior maximum maturity was 40 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 tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAA 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:

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

**Economic Development Corporation**

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1–5	6–10	More than 10
Corporation—cash	\$5,616,820	\$ 5,616,820	\$ -	\$ -	\$ -
Certificate of deposit	1,630,897	-	1,630,897	-	-
Total cash and investments— corporation	<u>\$7,247,718</u>	<u>\$ 5,616,820</u>	<u>\$ 1,630,897</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the EDC's bank balance and cash on hand was \$5,616,820 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**

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1–5	6–10	More than 10
Corporation—cash	<u>\$7,271,055</u>	<u>\$ 7,271,055</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

At year-end, the carrying amount of the CDC's bank balance and cash on hand was \$7,271,055 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, 2017**

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**NOTE 3. RECEIVABLES**

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

	General	Debt Service	Joe Pool	Capital Projects	Water and Sewer	Nonmajor and Other Funds	Total
Receivables							
Taxes	\$1,861,139	\$ 195,468	\$ -	\$ -	\$ -	\$ 196,224	\$2,252,831
Franchise	681,451	-	-	-	-	21,352	702,803
Accounts	-	-	-	-	5,121,644	18,359	5,140,003
Interest	2,780	-	7,301	-	-	-	10,081
Miscellaneous	3,486,047	-	-	100,223	-	999,397	4,585,667
Gross receivables	6,031,417	195,468	7,301	100,223	5,121,644	1,235,332	12,691,385
Less: allowance for uncollectible	(2,273,130)	(68,071)	-	-	(2,170,166)	(542,741)	(5,054,108)
Net total receivables	<u>\$3,758,287</u>	<u>\$ 127,397</u>	<u>\$ 7,301</u>	<u>\$ 100,223</u>	<u>\$2,951,478</u>	<u>\$ 692,591</u>	<u>\$7,637,277</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 \$2,109,751 at September 30, 2017. 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, 2017**

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**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017 was as follows:

**Primary Government**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets—not being depreciated:					
Land	\$ 15,673,084	\$ -	\$ -	\$ -	\$ 15,673,084
Construction in progress	11,342,218	9,807,306	-	(1,318,877)	19,830,647
Total capital assets—not depreciated	27,015,302	9,807,306	-	(1,318,877)	35,503,731
Capital assets—being depreciated:					
Buildings/facilities	58,854,854	337,280	(14,431)	1,318,877	60,496,580
Equipment	11,828,264	1,203,385	(766,487)	-	12,265,162
Infrastructure	152,950,927	-	(148,439)	-	152,802,488
Water rights	26,284,063	-	-	-	26,284,063
Master studies	393,172	-	-	-	393,172
Total capital assets—being depreciated	250,311,280	1,540,665	(929,357)	1,318,877	252,241,465
Less accumulated depreciation for:					
Buildings/facilities	(20,087,945)	(1,972,691)	14,431	-	(22,046,205)
Equipment	(8,985,344)	(849,837)	766,487	-	(9,068,694)
Infrastructure	(65,669,515)	(4,553,921)	-	-	(70,223,436)
Water rights	(17,270,428)	(489,428)	-	-	(17,759,856)
Master studies	(348,647)	(22,696)	-	-	(371,343)
Total accumulated depreciation	(112,361,879)	(7,888,573)	780,918	-	(119,469,534)
Total capital assets—being depreciated—net	137,949,401	(6,347,908)	(148,439)	1,318,877	132,771,931
Governmental activities capital assets—net	\$ 164,964,703	\$ 3,459,398	\$ (148,439)	\$ -	\$ 168,275,662

Internal service fund capital assets of \$3,165,618 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, 2017**

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**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>
<b>Business-type activities:</b>					
Capital assets—not being depreciated:					
Land	\$ 367,764	\$ -	\$ -	\$ -	\$ 367,764
Construction in progress	<u>2,722,670</u>	<u>280,203</u>	<u>-</u>	<u>(321,181)</u>	<u>2,681,692</u>
Total capital assets—not depreciated	<u>3,090,434</u>	<u>280,203</u>	<u>-</u>	<u>(321,181)</u>	<u>3,049,456</u>
Capital assets being depreciated:					
Buildings/facilities	597,413	-	-	-	597,413
Water systems	54,339,432	1,421,362	-	321,181	56,081,975
Sewer systems	24,976,151	-	-	-	24,976,151
Equipment	2,889,660	159,387	(102,907)	-	2,946,140
Master studies	176,244	-	-	-	176,244
Total capital assets being depreciated	<u>82,978,900</u>	<u>1,580,749</u>	<u>(102,907)</u>	<u>321,181</u>	<u>84,777,923</u>
Less accumulated depreciation for:					
Buildings/facilities	(545,472)	(24,991)	-	-	(570,463)
Water systems	(14,575,140)	(1,454,405)	102,907	-	(15,926,638)
Sewer systems	(8,338,584)	(499,223)	-	-	(8,837,807)
Equipment	(2,555,809)	(121,323)	-	-	(2,677,132)
Master studies	(174,087)	(740)	-	-	(174,827)
Total accumulated depreciation	<u>(26,189,092)</u>	<u>(2,100,682)</u>	<u>102,907</u>	<u>-</u>	<u>(28,186,867)</u>
Total capital assets—being depreciated—net	<u>56,789,808</u>	<u>(519,933)</u>	<u>-</u>	<u>321,181</u>	<u>56,591,056</u>
Business-type activities capital assets—net	<u>\$59,880,242</u>	<u>\$ (239,730)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$59,640,512</u>

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

Governmental activities:	
General government	\$ 1,216,914
Public works	4,629,184
Public safety	881,736
Community service	<u>1,160,739</u>
Total depreciation expense—governmental activities	<u>\$ 7,888,573</u>
Business-type activities—water and sewer	<u>\$ 2,100,682</u>

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**NOTE 4. CAPITAL ASSETS – CONTINUED**

**Discretely Presented Component Units**

Activity for the Economic Development Corporation for the year ended September 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Contributions to the City	Ending Balance
Capital assets—not being depreciated:					
Land	\$3,292,065	\$ -	\$(459,121)	\$ -	\$2,832,944
Construction in progress	10,000	-	-	(10,000)	-
Total capital assets- not being depreciated	3,302,065	-	(459,121)	(10,000)	2,832,944
Capital assets—being depreciated:					
Leasehold improvements	312,971	-	(227,009)	10,000	95,962
Total capital assets being depreciated	312,971	-	(227,009)	10,000	95,962
Less accumulated depreciation for:					
Leasehold improvements	(197,682)	(13,669)	187,282	-	(24,069)
Total accumulated depreciation	(197,682)	(13,669)	187,282	-	(24,069)
Total capital assets being depreciated—net	115,289	(13,669)	(39,727)	10,000	71,893
EDC Capital assets—net	\$3,417,354	\$ (13,669)	\$ (498,848)	\$ -	\$2,904,837

Activity for the Community Development Corporation for the year ended September 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Contributions to the City	Ending Balance
Capital assets—not being depreciated:					
Construction in progress	\$2,946,425	\$ 947,184	\$ -	\$ (1,318,875)	\$2,574,734

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, 2017**

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**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, 2017 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	\$ -	\$ -	\$ 872,090	\$ 872,090	
Joe Pool fund	12,500	450,000	-	462,500	
Capital Projects Fund	-	184,956	-	184,956	
General fund	-	290,000	118,470	408,470	
Total major funds	12,500	924,956	990,560	1,928,016	
Nonmajor governmental funds	1,096,790	-	-	1,096,790	
Total primary government	<u>\$ 1,109,290</u>	<u>\$ 924,956</u>	<u>\$ 990,560</u>	<u>\$ 3,024,806</u>	

The General Fund and the Water and Sewer Fund transfer funds to the Joe Pool Fund in order to accumulate resources to retire the liability resulting from the acquisition of rights to water conservation storage space. As of December 2016, the transfer to the Joe Pool Fund was eliminated due to retirement of the liability as referenced in Note 6. Transfers were made from the NonMajor Fund Group to the Debt Service Fund for payment of debt service on qualifying infrastructure debt and to the General Fund for support of services 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, 2017**

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**NOTE 6. LONG-TERM OBLIGATIONS**

**Changes in Long-Term Liabilities**

The following is a summary of transactions affecting long-term liabilities for the year ended September 30, 2017:

	Balance October 1, 2016	Increases	Retirements/ Refundings	Balance September 30, 2017	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 63,920,760	\$ -	\$ (5,675,448)	\$ 58,245,312	\$ 6,268,517
Certificates of obligation	3,080,000	-	(670,000)	2,410,000	175,000
Joe Pool obligation	82,683,592	-	(82,683,592)	-	-
Total bonds payable	149,684,352	-	(89,029,040)	60,655,312	6,443,517
Unamortized premiums	5,389,920	-	(886,642)	4,503,278	809,456
Compensated absences	5,200,325	2,150,240	(3,170,137)	4,180,428	1,630,367
OPEB liability	367,022	43,266	-	410,288	-
Net pension liability	13,227,206	1,212,766	-	14,439,972	-
Total governmental long-term liabilities	173,868,825	3,406,272	(93,085,819)	84,189,278	8,883,340
Business-type activities:					
General obligation bonds payable	7,269,240	-	(814,552)	6,454,688	846,483
Certificates of obligation bonds payable	6,995,000	-	(435,000)	6,560,000	450,000
Unamortized premiums	1,043,341	-	(165,918)	877,423	153,373
Compensated absences	215,870	148,601	(169,446)	195,025	87,761
Net pension liability	1,343,116	127,901	-	1,471,017	-
OPEB liability	55,609	6,556	-	62,165	-
Total business-type long-term liabilities	16,922,176	283,058	(1,584,916)	15,620,318	1,537,617
Total primary government long-term liabilities	\$ 190,791,001	\$ 3,689,330	\$ (94,670,735)	\$ 99,809,596	\$ 10,420,957

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, 2017**

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

**General Long-Term Liabilities**

General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2017, consist of the following individual issues:

	Interest Rates	Balance September 30, 2017			
<b>General obligation bonds:</b>					
<b>Governmental activities:</b>					
\$7,500,000 2008 General Obligation Bonds, due February 15, 2028	3.375%-4.875%	\$	350,000		
\$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%		465,312		
\$14,630,000 2011 General Obligation Refunding Bonds, due February 15, 2028	3.00%-5.00%		9,555,000		
\$9,040,000 2012 General Obligation Refunding Bonds, due Feb.15,2029	.2%-3%		6,045,000		
\$6,040,000 2013 General Obligation Refunding Bonds, due Feb.15,2028 <i>(Split 79% to 21% between governmental and business-type activities)</i>	2.00%-4.00%		4,640,000		
\$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%		1,305,000		
\$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%		19,515,000		
\$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%		16,370,000		
Total governmental activities - general obligation bonds		\$	58,245,312		
<b>Business-type activities:</b>					
\$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%		399,688		
\$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		
\$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%		1,515,000		
\$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%		3,265,000		
Total business-type activities - general obligation bonds		\$	6,454,688		
<b>Total general obligation bonds</b>		\$	64,700,000		
<b>Certificate of obligation bonds:</b>					
<b>Governmental activities:</b>					
\$2,065,000 2013 Certificates of Obligation, due February 15, 2022	2.00%-3.00%		1,580,000		
\$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%		830,000		
Total governmental activities		\$	2,410,000		
<b>Business-type activities:</b>					
\$6,235,000 2014 Certificates of Obligation, due February 15, 2029	2.75%-3.75%	\$	5,840,000		
\$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%		720,000		
Total business-type activities		\$	6,560,000		
<b>Total certificate of obligation bonds</b>		\$	8,970,000		

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

**General Long-Term Liabilities – Continued**

Annual requirements to amortize the long-term debt as of September 30, 2017, are as follows:

Year Ending September 30	Governmental Activities			
	General Obligation Bonds		Certificates of Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 6,268,517	\$ 2,225,020	\$ 175,000	\$ 80,600
2019	5,981,795	2,004,142	175,000	76,288
2020	6,110,000	1,763,456	185,000	70,925
2021	5,740,000	1,529,594	190,000	64,750
2022	5,970,000	1,298,788	200,000	58,325
2023-2027	22,550,000	3,279,163	1,085,000	184,438
2028-2032	4,010,000	690,003	400,000	17,400
2033-2036	1,615,000	123,875	-	-
Total principal and interest	<u>\$ 58,245,312</u>	<u>\$ 12,914,040</u>	<u>\$ 2,410,000</u>	<u>\$ 552,726</u>

Year Ending September 30	Business-Type Activities			
	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
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	660,000	135,800	510,000	144,063
2023-2027	2,840,000	278,875	2,835,000	448,469
2028-2031	185,000	2,775	1,330,000	49,981
Total principal and interest	<u>\$ 6,454,688</u>	<u>\$ 1,229,846</u>	<u>\$ 6,560,000</u>	<u>\$ 1,380,900</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

**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.

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 bore interest at 5.683%. As allowed by the agreement, the City opted not to make annual payments but is accruing interest until the liability is paid. The City had been accumulating funds to satisfy the contract liability on or before the maturity date.

The U.S. Congress passed the Water Infrastructure Improvements for the Nation Act 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 to TRA associated with the City's water rights in Joe Pool Lake was \$82,683,592. On December 16, 2016, the City wired funds to TRA in the amount \$40,543,911 in full satisfaction of its contractual obligation relating to Joe Pool Lake consistent with the provision of the Act. This action further provided Cedar Hill free and clear ownership of its 43% of water rights in Joe Pool Lake Reservoir.

**Component Units**

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

	Balance October 1, 2016	Increases	Retirements	Balance September 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 87,620	\$ 84,604	\$ (82,574)	\$ 89,650	\$ 58,273
OPEB liability	38,308	4,516	-	42,824	-
<b>Total long-term liabilities</b>	<b>\$ 125,928</b>	<b>\$ 89,120</b>	<b>\$ (82,574)</b>	<b>\$ 132,474</b>	<b>\$ 58,273</b>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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

	<u>Balance October 1, 2016</u>	<u>Increases</u>	<u>Retirements</u>	<u>Balance September 30, 2017</u>	<u>Due Within One Year</u>
Compensated absences	\$ 86,011	\$ 32,895	\$ (66,169)	\$ 52,737	\$ 18,458
OPEB liability	3,707	437	-	4,144	-
	<u>\$ 89,718</u>	<u>\$ 33,332</u>	<u>\$ (66,169)</u>	<u>\$ 56,881</u>	<u>\$ 18,458</u>

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 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, 2017, 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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8. COMMITMENTS AND CONTINGENCIES - CONTINUED**

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, 2016 to September 30, 2017	\$ 6,606,990
TRA adjustment for prior-year settlement	<u>(1,553,905)</u>
Sewage treatment and water system facility expenses	<u>\$ 5,053,085</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, 2017, 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 \$1,826,000.

The City periodically is a defendant in various lawsuits. At September 30, 2017, 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, 2017, these commitments totaled approximately \$1,600,000 and are only paid when provisions of incentive agreements are fulfilled.

**NOTE 9. TAX ABATEMENTS AND ECONOMIC INCENTIVES**

The City enters into economic development agreements designed to promote development, stimulate commercial activity, enhance the property tax base, and increase the economic vitality. These programs rebate property taxes and sales tax. The City's economic development agreements are authorized under the Texas Local Government Code Chapter 311 (Tax Increment Financing Act) and Chapter 380 (Economic Development Programs). Recipients may be eligible to receive economic assistance based upon employment impact, economic or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure,

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9. TAX ABATEMENTS AND ECONOMIC INCENTIVES - CONTINUED**

expanding operations, renewing facility leases or bringing targeted development to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has three categories of economic development agreements:

**Tax Abatements**

Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. There were no property taxes abated under this program in fiscal year 2017.

**General Economic Development**

The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or a percentage of property taxes or sales tax received by the City. The City has one active Chapter 380 Agreement and provided \$75,000 in incentive payments under this economic development program.

**Tax Increment Financing**

Tax Increment Financing (TIF) is a tool to help finance public improvements and development projects within a defined area. A municipality makes an area eligible for TIF by designating it a Tax Increment Reinvestment Zone (TIRZ). Within the designated zone all of the incremental tax revenue growth flows to an established tax increment fund to help pay for public improvements within the zone. During this fiscal year, the City adopted one Tax Increment Reinvestment Zones (TIRZ) in accordance with the provisions of the Tax Increment Financing Act, V.T.C.A., Tax Code, Chapter 311. The City's active Tax increment reinvestment zone is TIRZ #1. The goal of the Tax Increment Zone #1 is to continue funding the construction of needed public infrastructure and to encourage private development that will yield additional tax revenue to all local taxing jurisdictions. The purpose for TIRZ#1 is to promote the creation of contained, mixed-use development consisting of major retail, restaurants, residential, hotel and office. The Zone's projected costs are primarily related to roadway, drainage, storm water detention and utilities. There were no payments to TIRZ#1 for fiscal year 2017. TIRZ#1 was created in December 2016 and the first payment to the TIRZ will be in fiscal year 2017-2018.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10. 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](http://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.

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

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED**

**Benefits Provided - Continued**

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, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled but not yet receiving benefits	162
Active Employees	<u>331</u>
 Total	 <u>641</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.

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 12.75% and 13.79% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were \$2,255,126 and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

**Actuarial Assumptions**

The Total Pension Liability in the December 31, 2016 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, 2016, 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.

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:

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Domestic Equity	17.5%	4.55%
International Equity	17.5	6.10
Core Fixed Income	10	1.00
Non-Core Fixed Income	20	3.65
Real Return	10	4.03
Real Estate	10	5.00
Absolute Return	10	4.00
Private Equity	5	8.00
<b>Total</b>	<b><u>100.00%</u></b>	

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate 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, 2017**

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

**Changes in the Net Pension Liability**

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2015	\$ 88,192,677	\$ 73,622,355	\$ 14,570,322
Changes for the year:			
Service Cost	3,374,101	-	3,374,101
Interest	5,969,704	-	5,969,704
Change of benefit terms	-	-	-
Difference between expected and actual experience	880,524	-	880,524
Changes of assumptions	-	-	-
Contributions - employer	-	2,549,683	(2,549,683)
Contributions - employee	-	1,416,333	(1,416,333)
Net investment income	-	4,976,866	(4,976,866)
Benefit payments, including refunds of employee contributions	(2,879,343)	(2,879,343)	-
Administrative expense	-	(56,192)	56,192
Other charges	-	(3,028)	3,028
Net Changes	<u>7,344,986</u>	<u>6,004,319</u>	<u>1,340,667</u>
Balance at December 31, 2016	<u>\$ 95,537,663</u>	<u>\$ 79,626,674</u>	<u>\$ 15,910,989</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 6.75% , as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%):

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 30,743,727	\$ 15,910,989	\$ 3,853,203

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**NOTE 10. 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](http://www.tmrs.com).

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

For the year ended September 30, 2017, the City recognized pension expense of \$4,481,859. At September 30, 2017, 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	\$ 874,744	\$ (152,030)
Changes in actuarial assumptions	471,923	-
Differences between projected and actual investment earnings	3,319,518	-
Contributions subsequent the measurement date	2,255,127	-
 Total	 <u>\$ 6,921,312</u>	 <u>\$ (152,030)</u>

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

Of the \$6,921,312 total for deferred outflows of resources, \$2,255,127 resulted from contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2018. The remainder of the total deferred outflows/inflows of resources, \$4,514,153 will be recognized in pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2017	\$ 1,464,678
2018	1,464,675
2019	1,332,067
2020	209,211
2021	43,524
Thereafter	-
	<u><u>\$ 4,514,155</u></u>

**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 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, 2017, 2016, and 2015, were \$31,903, \$31,181 and \$28,651, respectively, which equaled the required contributions each year.

**CITY OF CEDAR HILL, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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

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

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

**Reserve Police Department Defined Benefit Plan**

The City provides pension benefits to its volunteer police reserves upon retirement. The City Council establishes plan provisions, is authorized to amend them and acts as the plan administrator. The plan became effective October 1, 1993. Police reserves do not receive a salary, and therefore, there is no covered payroll related to the plan. Police reserves are eligible to participate in the plan if they are at least 15 years old and provided the City with 192 hours of volunteer service per year as a police reserve. Under the plan, the normal retirement age is 55 with ten years of service required. Service is measured by years of service. The reserve officers are not required to contribute to the plan. The normal retirement pension payable to a retirement participant is \$144 per month with a guaranteed minimum of 120 months. Participants are 100% vested with a minimum of ten years of vesting service. A year of vesting is credited for each year during which the participant is credited with 192 hours of service. As of September 30, 2017, the City had one active member of the plan and six 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, 2017**

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**NOTE 11. OTHER POST EMPLOYMENT BENEFITS**

**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.

**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, 2017, membership consisted of:

Retirees and beneficiaries receiving benefits	6
Terminated employees eligible for benefits, but not yet enrolled	-
Active employees	<u>330</u>
Total	<u>336</u>

**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:

**Premiums Paid By Employee (October  
1, 2016 to September 30, 2017)**

<b><u>Coverage</u></b>	<b><u>Base Plan</u></b>	<b><u>Buy-Up Plan</u></b>
Employee Only	\$ 12	\$ 74
Employee & Spouse	\$ 146	\$ 281

**CITY OF CEDAR HILL, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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

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.

**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:

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actual required contribution (ARC)	\$ 115,619	\$ 119,088	\$ 104,367
Interest on prior year net OPEB obligation	15,033	18,099	18,585
Adjustment to ARC	(13,928)	(16,768)	(18,106)
Annual OPEB cost	116,724	120,419	104,846
Contributions made	48,590	57,971	50,072
Increase in net OPEB obligation	68,134	62,448	54,774
Net Obligation – beginning of year	334,065	402,199	464,647
Net Obligation – end of year	\$ 402,199	\$ 464,647	\$ 519,421
Percentage of OPEB costs contributed	41.60%	48.10%	47.80%

The funded status of the plan as of actuarial measurement date of December 31, 2016, was as follows:

Actuarial Valuation Date as of	Actuarial Value of Assets (a)	Actuarial			Annual Covered Payroll (d)	Ratio of UAAL to Annual Covered Payroll (b-a)/d
		Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		
12/31/2016	\$0	\$1,115,088	\$1,115,088	0.00%	20,255,413	5.51%

**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, 2017**

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

**Actuarial Methods and Assumptions - Continued**

In the December 31, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.00% 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 4.00% after fourteen years. The rate of inflation is assumed to be 2.50% 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 12. 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. The City contributed \$550,735 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, 2017, the City's investment in the Center is \$193,979. 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, 2017**

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**NOTE 13. REGIONAL ANIMAL CONTROL SHELTER**

The City entered into an Interlocal Cooperation Agreement with the Cities of DeSoto and Duncanville on September 3, 1991 to establish a Regional Animal Control Shelter facility ("the facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. The City owns a one-third (1/3) share of the facility and is reflected in capital assets. In January 2008, the City issued, in its name, \$2,040,000 of bonds to finance the construction of a new animal control shelter. Combined principal and interest of the obligation totaled \$3,064,113. Although, the entire outstanding principal is reflected in the City's financials, the City of Duncanville and the City of Desoto are each committed to pay one third of that total debt or \$1,021,371 over twenty years starting in fiscal year 2009. The total outstanding debt service commitment from all three entities as of September 30, 2017 is \$995,825.

**NOTE 14. SUBSEQUENT EVENTS**

In November 2017, a bond referendum was held in which Cedar Hill voters approved the issuance of \$45,000,000 in general obligation bonds. The bond proceeds will primarily be used to finance infrastructure, parks and recreation, and library improvements.

On December 12, 2017, the City entered into a master development agreement with SDM Financial for the development of a hotel and conference center. This will be a public private partnership in which the City's maximum contribution will be \$5,000,000.

On February 21, 2018, \$4,200,000 general obligation bonds and \$5,800,000 certificates of obligation bonds were sold for a total amount of \$10,000,000.

The City has evaluated all events or transactions that occurred after September 30, 2017 and up through March 26, 2018, the date the financial statements were available to be issued and concludes there are no other subsequent events requiring recognition or disclosure.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**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, 2017**

**EXHIBIT E-1**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total pension liability			
Service Cost	\$ 3,374,101	\$ 3,080,700	\$ 2,863,004
Interest (on the Total Pension Liability)	5,969,704	5,693,839	5,318,311
Changes of benefit terms	-	-	-
Difference between expected and actual experiences	880,524	262,001	(343,244)
Change of assumptions	-	765,043	-
Benefit payments, including refunds of employee contributions	(2,879,343)	(2,818,217)	(2,346,249)
Net Change in Total Pension Liability	7,344,986	6,983,366	5,491,822
Total Pension Liability-Beginning	<u>88,192,677</u>	<u>81,209,311</u>	<u>75,717,489</u>
Total Pension Liability Ending (A)	<u>\$ 95,537,663</u>	<u>\$ 88,192,677</u>	<u>\$ 81,209,311</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 2,549,683	\$ 2,530,362	\$ 2,555,283
Contributions - Employee	1,416,333	1,346,965	1,347,260
Net Investment Income	4,976,866	107,024	3,842,858
Benefit payments, including refunds of employee contributions	(2,879,343)	(2,818,217)	(2,346,249)
Administrative Expense	(56,192)	(65,183)	(40,117)
Other	(3,028)	(3,219)	(3,298)
Net Change in Plan Fiduciary Net Position	6,004,319	1,097,732	5,355,737
Plan Fiduciary Net Position - Beginning	<u>73,622,355</u>	<u>72,524,623</u>	<u>67,168,886</u>
Plan Fiduciary Net Position - Ending (B)	<u>\$ 79,626,674</u>	<u>\$ 73,622,355</u>	<u>\$ 72,524,623</u>
Net Pension Liability - Ending (A-B)	<u>\$ 15,910,989</u>	<u>\$ 14,570,322</u>	<u>\$ 8,684,688</u>
Plan Fiduciary Net Position as Percentage of Total Pension Liability	83.35%	83.48%	89.31%
Covered Payroll	\$ 20,192,109	\$ 19,242,351	\$ 19,246,797
Net Pension Liability as a Percentage of Covered Employee Payroll	78.80%	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 nine years.

**CITY OF CEDAR HILL, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS – TMRS PLAN (UNAUDITED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**EXHIBIT E-2**

**Schedule of Contributions**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 2,255,126	\$ 2,530,362	\$ 2,516,536	\$ 2,299,513
Contributions in relation to the actuarially determined contribution	<u>(2,255,126)</u>	<u>(2,530,362)</u>	<u>(2,516,536)</u>	<u>(2,299,513)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 21,268,592	\$ 20,787,053	\$ 19,100,723	\$ 18,331,554
Contributions as a percentage of covered payroll	10.60%	12.17%	13.18%	12.54%

**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 six 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		(5) Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5)
						(2) - (1)			
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%
2017		-	\$	1,115,088	0.0%	\$ 1,115,088	\$ 20,255,413		5.5%

**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, 2017**

**EXHIBIT E-4**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual Amount</b>	
<b>REVENUES</b>				
Taxes	\$24,881,935	\$24,799,935	\$ 24,539,603	\$ (260,332)
Franchise fees	3,825,755	3,875,755	3,443,661	(432,094)
Licenses and permits	723,400	755,400	807,719	52,319
Intergovernmental	334,895	334,895	636,445	301,550
Charges for services	1,713,500	1,699,735	1,555,138	(144,597)
Fines and forfeitures	1,028,000	1,041,765	1,137,959	96,194
Investment earnings	60,000	60,000	105,769	45,769
Miscellaneous	142,600	124,130	615,493	491,363
<b>Total revenues</b>	<b>32,710,085</b>	<b>32,691,615</b>	<b>32,841,787</b>	<b>150,172</b>
<b>EXPENDITURES</b>				
Current Expenditures:				
General administration	5,365,860	5,400,920	5,314,398	86,522
Public works	2,289,445	2,293,445	2,230,438	63,007
Public safety	20,418,660	20,728,305	20,447,471	280,834
Community services	4,796,160	4,840,940	4,685,888	155,052
Capital Expenditures:				
Public works	-	-	516	(516)
Public safety	93,485	-	2,456	(2,456)
<b>Total expenditures</b>	<b>32,963,610</b>	<b>33,263,610</b>	<b>32,681,167</b>	<b>582,443</b>
Excess (deficiency) of revenues over expenditures	(253,525)	(571,995)	160,620	732,615
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	390,000	408,470	408,470	-
Transfer out	(1,446,790)	(1,146,790)	(1,109,290)	37,500
Total other financing sources (uses)	<b>\$ (1,056,790)</b>	<b>\$ (738,320)</b>	<b>\$ (700,820)</b>	<b>\$ 37,500</b>
Net change in fund balances	<b>(1,310,315)</b>	<b>(1,310,315)</b>	<b>(540,200)</b>	<b>770,115</b>
<b>Fund balances, beginning of year</b>			<b>9,106,591</b>	
<b>Fund balances, end of year</b>			<b>\$ 8,566,391</b>	

**CITY OF CEDAR HILL, TEXAS  
JOE POOL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
BUDGET AND ACTUAL (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**EXHIBIT E-5**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>REVENUES-Investment earnings</b>	<u>\$ 2,172,230</u>	<u>\$ 2,172,230</u>	<u>\$ (43,755)</u>	<u>\$ (2,215,985)</u>
<b>Total revenues</b>	<u>2,172,230</u>	<u>2,172,230</u>	<u>(43,755)</u>	<u>(2,215,985)</u>
<b>EXPENDITURES</b>				
Principal retirement	<u>-</u>	<u>42,000,000</u>	<u>40,543,911</u>	<u>1,456,089</u>
<b>Total expenditures</b>	<u>-</u>	<u>42,000,000</u>	<u>40,543,911</u>	<u>1,456,089</u>
Excess (deficiency) of revenues over expenditures	<u>2,172,230</u>	<u>(39,827,770)</u>	<u>(40,587,666)</u>	<u>(759,896)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer in	<u>-</u>	<u>-</u>	<u>462,500</u>	<u>462,500</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>462,500</u>	<u>462,500</u>
Net change in fund balances	<u>\$ 2,172,230</u>	<u>\$ (39,827,770)</u>	<u>(40,125,166)</u>	<u>\$ (297,396)</u>
<b>FUND BALANCE-Beginning of year</b>			<u>58,689,221</u>	
<b>FUND BALANCE-End of year</b>			<u>\$ 18,564,055</u>	

**CITY OF CEDAR HILL, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**1. BUDGETARY INFORMATION**

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

1. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
4. The City Manager has the authority to transfer appropriation balances from one expenditure account to another within a single fund. The City Council, however, must approve any transfer of unencumbered appropriation balances or portions thereof from one fund to another as well as any increases in fund appropriations. All appropriations lapse at the end of the fiscal year.
5. Annual budgets for the General, Special Revenue and Debt Service Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgets were not adopted for the Capital Recovery Fund, 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.
7. For the year ended September 30, 2017, expenditures exceeded appropriations in the following funds:

Major Governmental Funds:

- Debt Service Fund by \$166,727, due to interest expenditure

NonMajor Governmental Funds:

- Police Forfeiture Fund by \$10,084, due to qualified expenditures for equipment
- High Pointe PID Fund by \$394, due to PID maintenance expenditures
- Animal Shelter Fund by \$45,563, due to professional service expenditures

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF CEDAR HILL, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2017**

**Nonmajor Special Revenue Funds**

	<b>Capital Recovery</b>	<b>Police Forfeiture</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>	<b>Comm. Dev. Block Grant</b>	<b>High Pointe PID</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,811,816	\$ 129,640	\$ 896,295	\$ 107,809	\$ -	\$ 138,021
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	24,522	-	7,953	9,133
<b>Total assets</b>	<b>\$ 3,811,816</b>	<b>\$ 129,640</b>	<b>\$ 920,817</b>	<b>\$ 107,809</b>	<b>\$ 7,953</b>	<b>\$ 147,154</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 3,244	\$ 691	\$ 10,017	\$ 24,456
Accrued liabilities	-	14,008	5,300	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>14,008</b>	<b>8,544</b>	<b>691</b>	<b>10,017</b>	<b>24,456</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue	-	-	-	-	-	9,133
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,133</b>
<b>FUND BALANCES</b>						
Restricted for:						
Construction	3,811,816	-	-	-	-	-
PID use	-	-	-	-	-	113,565
Tourism	-	-	912,273	-	-	-
Public safety	-	115,632	-	-	-	-
Committed for:						
Library	-	-	-	107,118	-	-
Landscaping	-	-	-	-	-	-
Construction	-	-	-	-	-	-
Building maintenance	-	-	-	-	-	-
Assigned	-	-	-	-	(2,064)	-
<b>Total fund balances</b>	<b>3,811,816</b>	<b>115,632</b>	<b>912,273</b>	<b>107,118</b>	<b>(2,064)</b>	<b>113,565</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,811,816</b>	<b>\$ 129,640</b>	<b>\$ 920,817</b>	<b>\$ 107,809</b>	<b>\$ 7,953</b>	<b>\$ 147,154</b>

**EXHIBIT F-1 (CONTINUED)**

**Nonmajor Special Revenue Funds**

<u>Waterford Oaks PID</u>	<u>Winding Hollow PID</u>	<u>Traffic Safety</u>	<u>PEG</u>	<u>Crime Control</u>	<u>Animal Shelter</u>	<u>Landscape Beatification</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 231,655	\$ 27,307	\$ 834,347	\$ 492,351	\$ 223,908	\$ 167,189	\$ 1,193,250	\$ 8,253,588
3,224	-	-	21,352	159,220	20,000	428,828	674,232
<u>\$ 234,879</u>	<u>\$ 27,307</u>	<u>\$ 834,347</u>	<u>\$ 513,703</u>	<u>\$ 383,128</u>	<u>\$ 187,189</u>	<u>\$ 1,622,078</u>	<u>\$ 8,927,820</u>
\$ 3,677	\$ -	\$ 40,798	\$ 351	\$ 2,695	\$ 15,991	\$ 209,984	\$ 311,904
-	-	251,856	-	36,481	24,125	35,076	366,846
3,677	-	292,654	351	39,176	40,116	245,060	678,750
3,225	-	-	-	-	-	-	12,358
3,225	-	-	-	-	-	-	12,358
-	-	-	513,352	343,952	-	-	4,669,120
227,977	27,307	-	-	-	-	-	368,849
-	-	-	-	-	-	-	912,273
-	-	541,693	-	-	147,073	-	804,398
-	-	-	-	-	-	-	107,118
-	-	-	-	-	-	1,377,018	1,377,018
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(2,064)
<u>227,977</u>	<u>27,307</u>	<u>541,693</u>	<u>513,352</u>	<u>343,952</u>	<u>147,073</u>	<u>1,377,018</u>	<u>8,236,712</u>
<u>\$ 234,879</u>	<u>\$ 27,307</u>	<u>\$ 834,347</u>	<u>\$ 513,703</u>	<u>\$ 383,128</u>	<u>\$ 187,189</u>	<u>\$ 1,622,078</u>	<u>\$ 8,927,820</u>

**CITY OF CEDAR HILL, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF SEPTEMBER 30, 2017**

	<b>Nonmajor Capital Projects</b>			
	<b>Park Development</b>	<b>Restricted Street</b>	<b>Economic Development Incentive</b>	<b>Street Construction</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 351,971	\$ 368,370	\$ 100,000	\$ 1,990,348
Receivables (net, where applicable, of allowances for uncollectibles)	-	-	-	-
<b>Total assets</b>	<b>\$ 351,971</b>	<b>\$ 368,370</b>	<b>\$ 100,000</b>	<b>\$ 1,990,348</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 9,681	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
<b>Total liabilities</b>	<b>9,681</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted for:				
Construction	342,290	368,370	-	-
PID use	-	-	-	-
Tourism	-	-	-	-
Public safety	-	-	-	-
Committed for:				
Library	-	-	-	-
Landscaping	-	-	-	-
Construction	-	-	-	1,990,348
Building maintenance	-	-	-	-
Assigned	-	-	100,000	-
<b>Total fund balances</b>	<b>342,290</b>	<b>368,370</b>	<b>100,000</b>	<b>1,990,348</b>
<b>Total liabilities and fund balances</b>	<b>\$ 351,971</b>	<b>\$ 368,370</b>	<b>\$ 100,000</b>	<b>\$ 1,990,348</b>

**EXHIBIT F-1 (CONCLUDED)**

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<b>Nonmajor Capital Projects</b>					
<b>Building Maintenance</b>	<b>Drainage</b>	<b>Regional Drainage</b>	<b>Total Capital Project funds</b>	<b>Total Nonmajor funds</b>	
\$ 177,445	\$ 554,678	\$ 91,051	\$ 3,633,863	\$ 11,887,451	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<u>674,232</u>
<u>\$ 177,445</u>	<u>\$ 554,678</u>	<u>\$ 91,051</u>	<u>\$ 3,633,863</u>	<u>\$ 12,561,683</u>	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
\$ -	\$ -	\$ -	\$ 9,681	\$ 321,585	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<u>366,846</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,681</u>	<u>\$ 688,431</u>	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<u>12,358</u>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<u>12,358</u>
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
-	-	91,051	801,711	5,470,831	
-	-	-	-	368,849	
-	-	-	-	912,273	
-	-	-	-	804,398	
-	-	-	-	107,118	
-	-	-	-	1,377,018	
-	554,678	-	2,545,026	2,545,026	
177,445	-	-	177,445	177,445	
-	-	-	100,000	97,936	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<u>177,445</u>	<u>554,678</u>	<u>91,051</u>	<u>3,624,182</u>	<u>11,860,894</u>	
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	
<u>\$ 177,445</u>	<u>\$ 554,678</u>	<u>\$ 91,051</u>	<u>\$ 3,633,863</u>	<u>\$ 12,561,683</u>	

**CITY OF CEDAR HILL, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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<b>Nonmajor Special Revenue Funds</b>						
	<b>Capital Recovery</b>	<b>Police Forfeiture</b>	<b>Hotel Occupancy</b>	<b>Library Fund</b>	<b>Comm. Dev. Block Grant</b>	<b>High Pointe PID</b>
<b>REVENUES:</b>						
Taxes	\$ -	\$ -	\$ 301,690	\$ -	\$ -	\$ 384,428
Franchise taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	3,300	16,727	20,000
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	98,274	-	-	-	-
Investment earnings	34,488	413	7,382	995	-	1,399
Miscellaneous	<u>373,027</u>	<u>-</u>	<u>-</u>	<u>20,441</u>	<u>-</u>	<u>11,439</u>
<b>Total revenues</b>	<b>407,515</b>	<b>98,687</b>	<b>309,072</b>	<b>24,736</b>	<b>16,727</b>	<b>417,266</b>
<b>EXPENDITURES</b>						
Current:						
General administration	-	-	-	-	-	-
Public works	-	-	-	-	18,791	-
Public safety	-	50,584	-	-	-	-
Community services	-	-	218,125	40,764	-	295,242
Capital outlay						
General administration	-	-	863	-	-	-
Public safety	-	-	-	-	-	-
Community services	-	-	-	-	-	59,862
<b>Total expenditures</b>	<b>-</b>	<b>50,584</b>	<b>218,988</b>	<b>40,764</b>	<b>18,791</b>	<b>355,104</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>407,515</b>	<b>48,103</b>	<b>90,084</b>	<b>(16,028)</b>	<b>(2,064)</b>	<b>62,162</b>
<b>Other Financing Sources (Uses)</b>						
Transfer In	-	-	-	-	-	-
Transfer Out	<u>(770,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Financing Sources (Uses)</b>	<b>(770,275)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Changes in Fund Balance</b>	<b>(362,760)</b>	<b>48,103</b>	<b>90,084</b>	<b>(16,028)</b>	<b>(2,064)</b>	<b>62,162</b>
Fund balances, beginning of year	4,174,576	67,529	822,189	123,146	-	51,403
Fund balances, end of year	<u>\$ 3,811,816</u>	<u>\$ 115,632</u>	<u>\$ 912,273</u>	<u>\$ 107,118</u>	<u>\$ (2,064)</u>	<u>\$ 113,565</u>

**EXHIBIT F-2 (CONTINUED)**

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<b>Nonmajor Special Revenue Funds</b>									<b>Total Nonmajor Special Revenue Funds</b>
<b>Waterford Oaks PID</b>	<b>Winding Hollow PID</b>	<b>Traffic Safety</b>	<b>PEG</b>	<b>Crime Control</b>	<b>Animal Shelter</b>	<b>Landscape Beatification</b>			
\$ 130,970	\$ 34,715	\$ -	\$ -	\$ 956,165	\$ -	\$ -	\$ -	\$ -	\$ 1,807,968
-	-	-	87,773	-	-	-	-	-	87,773
3,300	-	-	-	-	-	618,401	2,383,903	-	43,327
-	-	-	-	-	-	-	-	-	3,002,304
-	-	700,525	-	-	-	-	-	-	798,799
2,015	225	5,936	3,929	1,938	1,536	10,547	-	-	70,803
-	-	-	-	-	155,350	96,319	-	-	656,576
<u>136,285</u>	<u>34,940</u>	<u>706,461</u>	<u>91,702</u>	<u>958,103</u>	<u>775,287</u>	<u>2,490,769</u>			<u>6,467,550</u>
-	-	-	3,775	-	-	-	-	-	3,775
-	-	-	-	-	-	-	-	-	18,791
-	-	534,637	-	928,073	795,198	-	-	-	2,308,492
93,310	1,761	-	-	-	-	-	2,022,991	-	2,672,193
-	-	-	-	-	-	-	-	-	863
-	-	108,325	-	-	-	-	-	-	108,325
2,937	5,872	-	-	-	-	-	268,712	-	337,383
<u>96,247</u>	<u>7,633</u>	<u>642,962</u>	<u>3,775</u>	<u>928,073</u>	<u>795,198</u>	<u>2,291,703</u>			<u>5,449,822</u>
<u>40,038</u>	<u>27,307</u>	<u>63,499</u>	<u>87,927</u>	<u>30,030</u>	<u>(19,911)</u>	<u>199,066</u>			<u>1,017,728</u>
-	-	-	-	-	-	196,790	-	-	196,790
-	-	-	-	-	-	(101,815)	(100,000)	(972,090)	
-	-	-	-	-	-	94,975	(100,000)	(775,300)	
<u>40,038</u>	<u>27,307</u>	<u>63,499</u>	<u>87,927</u>	<u>30,030</u>	<u>75,064</u>	<u>99,066</u>			<u>242,428</u>
<u>187,939</u>	<u>-</u>	<u>478,194</u>	<u>425,425</u>	<u>313,922</u>	<u>72,009</u>	<u>1,277,952</u>			<u>7,994,284</u>
<u>\$ 227,977</u>	<u>\$ 27,307</u>	<u>\$ 541,693</u>	<u>\$ 513,352</u>	<u>\$ 343,952</u>	<u>\$ 147,073</u>	<u>\$ 1,377,018</u>			<u>\$ 8,236,712</u>

**CITY OF CEDAR HILL, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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	<b>Nonmajor Capital Projects</b>			
	<b>Park Development</b>	<b>Restricted Street</b>	<b>Economic Development Incentive</b>	<b>Street Construction</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Franchise taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Investment earnings	4,124	3,196	-	10,522
Miscellaneous	<u>16,001</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<b>20,125</b>	<b>3,196</b>	<b>-</b>	<b>10,522</b>
<b>EXPENDITURES</b>				
Current:				
General administration	-	-	-	-
Public works	-	-	-	-
Public safety	-	-	-	-
Community Services	134,333	-	-	-
Capital outlay				
General administration	-	-	-	-
Public safety	-	-	-	-
Community Services	<u>41,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<b>175,833</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(155,708)</b>	<b>3,196</b>	<b>-</b>	<b>10,522</b>
<b>Other Financing Sources (Uses)</b>				
Transfer In	-	-	100,000	800,000
Transfer Out	-	-	-	-
<b>Total Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>800,000</b>
<b>Changes in Fund Balance</b>	<b>(155,708)</b>	<b>3,196</b>	<b>100,000</b>	<b>810,522</b>
Fund balances, beginning of year	<u>497,998</u>	<u>365,174</u>	<u>-</u>	<u>1,179,826</u>
Fund balances, end of year	<b><u>\$ 342,290</u></b>	<b><u>\$ 368,370</u></b>	<b><u>\$ 100,000</u></b>	<b><u>\$ 1,990,348</u></b>

**EXHIBIT F-2 (CONCLUDED)**

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<b>Nonmajor Capital Projects</b>			<b>Total</b>	
<b>Building Maintenance</b>	<b>Drainage</b>	<b>Regional Drainage</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total Nonmajor Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,807,968
-	-	-	-	87,773
-	-	-	-	43,327
-	-	-	-	3,002,304
-	-	-	-	798,799
1,683	4,813	790	25,128	95,931
-	-	-	16,001	672,577
<b>1,683</b>	<b>4,813</b>	<b>790</b>	<b>41,129</b>	<b>6,508,679</b>
-	-	-	-	3,775
-	-	-	-	18,791
-	-	-	-	2,308,492
-	-	-	134,333	2,806,526
-	-	-	-	863
-	-	-	-	108,325
-	-	-	41,500	378,883
-	-	-	175,833	5,625,655
<b>1,683</b>	<b>4,813</b>	<b>790</b>	<b>(134,704)</b>	<b>883,024</b>
-	-	-	900,000	1,096,790
<b>(18,470)</b>	<b>-</b>	<b>-</b>	<b>(18,470)</b>	<b>(990,560)</b>
<b>(18,470)</b>	<b>-</b>	<b>-</b>	<b>881,530</b>	<b>106,230</b>
<b>(16,787)</b>	<b>4,813</b>	<b>790</b>	<b>746,826</b>	<b>989,254</b>
<b>194,232</b>	<b>549,865</b>	<b>90,261</b>	<b>2,877,356</b>	<b>10,871,640</b>
<b>\$ 177,445</b>	<b>\$ 554,678</b>	<b>\$ 91,051</b>	<b>\$ 3,624,182</b>	<b>\$ 11,860,894</b>

**CITY OF CEDAR HILL, TEXAS**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**EXHIBIT G-1**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ 6,128,415	\$ 6,118,415	\$ 5,986,504	\$ (131,911)
Intergovernmental	2,014,915	1,913,105	1,913,105	-
Investment earnings	12,000	22,000	19,144	(2,856)
Miscellaneous	-	-	10,008	10,008
<b>Total revenues</b>	<b>8,155,330</b>	<b>8,053,520</b>	<b>7,928,761</b>	<b>(124,759)</b>
<b>EXPENDITURES</b>				
Principal retirement	6,345,450	6,345,450	6,345,448	2
Interest and fiscal agent charges	2,339,605	2,339,605	2,506,334	(166,729)
<b>Total expenditures</b>	<b>8,685,055</b>	<b>8,685,055</b>	<b>8,851,782</b>	<b>(166,727)</b>
Deficiency of revenues under expenditures	(529,725)	(631,535)	(923,021)	(291,486)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	770,275	872,085	872,090	5
<b>Total other financing sources (uses)</b>	<b>770,275</b>	<b>872,085</b>	<b>872,090</b>	<b>5</b>
<b>Net changes in fund balances</b>	<b>\$ 240,550</b>	<b>\$ 240,550</b>	<b>\$ (50,931)</b>	<b>\$ (291,481)</b>
Fund balances, beginning of year			<u>1,447,330</u>	
Fund balances, end of year			<u>\$ 1,396,399</u>	

**CITY OF CEDAR HILL, TEXAS**  
**POLICE FORFEITURE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**EXHIBIT G-2**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Fines and forfeits	\$ 25,000	\$ 25,000	\$ 98,274	\$ 73,274
Investment earnings	375	375	413	38
<b>Total revenues</b>	<b>25,375</b>	<b>25,375</b>	<b>98,687</b>	<b>73,312</b>
<b>EXPENDITURES</b>				
Public safety	40,500	40,500	50,584	(10,084)
<b>Total expenditures</b>	<b>40,500</b>	<b>40,500</b>	<b>50,584</b>	<b>(10,084)</b>
Excess (deficiency) of revenues over (under) expenditures	(15,125)	(15,125)	48,103	63,228
Changes in fund balances	\$ (15,125)	\$ (15,125)	48,103	\$ 63,228
Fund balances, beginning of year			<u>67,529</u>	
Fund balances, end of year			<u>\$ 115,632</u>	

**CITY OF CEDAR HILL, TEXAS**  
**HOTEL OCCUPANCY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**EXHIBIT G-3**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ 240,000	\$ 240,000	\$ 301,690	\$ 61,690
Investment earnings	2,500	2,500	7,382	4,882
<b>Total revenues</b>	<b>242,500</b>	<b>242,500</b>	<b>309,072</b>	<b>66,572</b>
<b>EXPENDITURES</b>				
Community Services	326,250	326,250	218,125	108,125
Capital Outlay	-	-	863	863
<b>Total expenditures</b>	<b>326,250</b>	<b>326,250</b>	<b>218,988</b>	<b>108,988</b>
Excess of revenues over expenditures	(83,750)	(83,750)	90,084	173,834
<b>Net changes in fund balances</b>	<b>\$ (83,750)</b>	<b>\$ (83,750)</b>	<b>90,084</b>	<b>\$ 173,834</b>
Fund balances, beginning of year			<u>822,189</u>	
Fund balances, end of year			<u>\$ 912,273</u>	

**CITY OF CEDAR HILL, TEXAS**  
**LIBRARY SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**EXHIBIT G-4**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 3,300	\$ 3,300
Investment earnings	500	500	995	495
Miscellaneous revenue	15,000	15,000	20,441	5,441
<b>Total revenues</b>	<b>15,500</b>	<b>15,500</b>	<b>24,736</b>	<b>9,236</b>
<b>EXPENDITURES</b>				
Community Services	45,000	45,000	40,764	4,236
<b>Total expenditures</b>	<b>45,000</b>	<b>45,000</b>	<b>40,764</b>	<b>4,236</b>
Excess of (deficiency) revenues over (under) expenditures	(29,500)	(29,500)	(16,028)	13,472
<b>Net changes in fund balances</b>	<b>\$ (29,500)</b>	<b>\$ (29,500)</b>	<b>(16,028)</b>	<b>\$ 13,472</b>
Fund balances, beginning of year			123,146	
Fund balances, end of year			<b>\$ 107,118</b>	

**CITY OF CEDAR HILL, TEXAS**  
**HIGH POINTE PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**EXHIBIT G-5**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>REVENUES</b>					
Assessments	\$ 361,720	\$ 361,720	\$ 384,428	\$ 22,708	
Intergovernmental	20,000	20,000	20,000	-	
Investment earnings	1,000	500	1,399	899	
Miscellaneous	-	500	11,439	10,939	
<b>Total revenues</b>	<b>382,720</b>	<b>382,720</b>	<b>417,266</b>	<b>34,546</b>	
<b>EXPENDITURES</b>					
Community service	309,710	309,710	295,242	14,468	
Capital outlay	45,000	45,000	59,862	(14,862)	
<b>Total expenditures</b>	<b>354,710</b>	<b>354,710</b>	<b>355,104</b>	<b>(394)</b>	
Excess (deficiency) of revenues over (under) expenditures	28,010	28,010	62,162	34,152	
<b>Net changes in fund balances</b>	<b>\$ 28,010</b>	<b>\$ 28,010</b>	<b>62,162</b>	<b>\$ 34,152</b>	
Fund balances, beginning of year			<b>51,403</b>		
Fund balances, end of year			<b>\$ 113,565</b>		

**CITY OF CEDAR HILL, TEXAS**  
**WATERFORD OAKS PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Assessments	\$ 117,600	\$ 117,600	\$ 130,970	\$ 13,370
Intergovernmental	3,300	3,300	3,300	-
Investment earnings	900	900	2,015	1,115
<b>Total revenues</b>	<b>121,800</b>	<b>121,800</b>	<b>136,285</b>	<b>14,485</b>
<b>EXPENDITURES</b>				
Community service	90,800	90,800	93,310	(2,510)
Capital outlay	30,000	30,000	2,937	27,063
<b>Total expenditures</b>	<b>120,800</b>	<b>120,800</b>	<b>96,247</b>	<b>24,553</b>
Excess (deficiency) of revenues over (under) expenditures	1,000	1,000	40,038	39,038
<b>Net changes in fund balances</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>40,038</b>	<b>\$ 39,038</b>
Fund balances, beginning of year			<b>187,939</b>	
Fund balances, end of year			<b>\$ 227,977</b>	

**CITY OF CEDAR HILL, TEXAS****EXHIBIT G-7****WINDING HOLLOW PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL****FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Assessments	\$ 24,000	\$ 24,000	\$ 34,715	\$ 10,715
Investment earnings	-	-	225	225
<b>Total revenues</b>	<b>24,000</b>	<b>24,000</b>	<b>34,940</b>	<b>10,940</b>
<b>EXPENDITURES</b>				
Community service	90,800	90,800	1,761	89,039
Capital outlay	-	-	5,872	(5,872)
<b>Total expenditures</b>	<b>90,800</b>	<b>90,800</b>	<b>7,633</b>	<b>83,167</b>
Excess (deficiency) of revenues over (under) expenditures	(66,800)	(66,800)	27,307	94,107
Changes in fund balances	<b>\$ (66,800)</b>	<b>\$ (66,800)</b>	<b>27,307</b>	<b>\$ 94,107</b>
Fund balances, beginning of year				-
Fund balances, end of year			<b>\$ 27,307</b>	

**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, 2017**

**EXHIBIT G-8**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Fines and forfeits	\$ 650,000	\$ 650,000	\$ 700,525	\$ 50,525
Investment earnings	2,500	2,500	5,936	3,436
<b>Total revenues</b>	<b>652,500</b>	<b>652,500</b>	<b>706,461</b>	<b>53,961</b>
<b>EXPENDITURES</b>				
Public safety	666,335	581,335	534,637	46,698
Capital outlay	100,000	185,000	108,325	76,675
<b>Total expenditures</b>	<b>766,335</b>	<b>766,335</b>	<b>642,962</b>	<b>123,373</b>
Excess (deficiency) of revenues over (under) expenditures	(113,835)	(113,835)	63,499	177,334
Changes in fund balances	\$ (113,835)	\$ (113,835)	63,499	\$ 177,334
Fund balances, beginning of year			478,194	
Fund balances, end of year			<b>\$ 541,693</b>	

**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, 2017**

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**EXHIBIT G-9**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Taxes	\$ 974,830	\$ 974,830	\$ 956,165	\$ (18,665)
Investment earnings	1,500	1,500	1,938	438
Miscellaneous	2,500	2,500	-	(2,500)
<b>Total revenues</b>	<b>978,830</b>	<b>978,830</b>	<b>958,103</b>	<b>(20,727)</b>
<b>EXPENDITURES</b>				
Public safety	978,015	978,015	928,073	49,942
<b>Total expenditures</b>	<b>978,015</b>	<b>978,015</b>	<b>928,073</b>	<b>49,942</b>
Excess (deficiency) of revenues over (under) expenditures	815	815	30,030	29,215
<b>Net changes in fund balances</b>	<b>\$ 815</b>	<b>\$ 815</b>	<b>30,030</b>	<b>\$ 29,215</b>
Fund balances, beginning of year			313,922	
Fund balances, end of year			<b>\$ 343,952</b>	

**CITY OF CEDAR HILL, TEXAS**  
**ANIMAL SHELTER FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**EXHIBIT G-10**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Charges for services	\$ 545,450	\$ 545,450	\$ 618,401	\$ 72,951
Investment earnings	800	800	1,536	736
Miscellaneous	120,535	120,535	155,350	34,815
<b>Total revenues</b>	<b>666,785</b>	<b>666,785</b>	<b>775,287</b>	<b>108,502</b>
<b>EXPENDITURES</b>				
Public safety	749,635	749,635	795,198	(45,563)
<b>Total expenditures</b>	<b>749,635</b>	<b>749,635</b>	<b>795,198</b>	<b>(45,563)</b>
Excess (deficiency) of revenues over (under) expenditures	(82,850)	(82,850)	(19,911)	62,939
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in	-	-	196,790	196,790
Transfer out	-	-	(101,815)	(101,815)
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>94,975</b>	<b>94,975</b>
<b>Net changes in fund balances</b>	<b>\$ (82,850)</b>	<b>\$ (82,850)</b>	<b>75,064</b>	<b>\$ 157,914</b>
Fund balances, beginning of year			72,009	
Fund balances, end of year			\$ 147,073	

**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, 2017**

**EXHIBIT G-11**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Charges for services	\$ 2,374,000	\$ 2,374,000	\$ 2,383,903	\$ 9,903
Investment earnings	4,000	4,000	10,547	6,547
Miscellaneous	1,000	1,000	96,319	95,319
<b>Total revenues</b>	<b>2,379,000</b>	<b>2,379,000</b>	<b>2,490,769</b>	<b>111,769</b>
<b>EXPENDITURES</b>				
Community service	2,100,000	2,100,000	2,022,991	77,009
Capital outlay	755,000	755,000	268,712	486,288
<b>Total expenditures</b>	<b>2,855,000</b>	<b>2,855,000</b>	<b>2,291,703</b>	<b>563,297</b>
Excess (deficiency) of revenues over (under) expenditures	(476,000)	(476,000)	199,066	675,066
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer out	(100,000)	(100,000)	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>
Changes in fund balances	\$ (576,000)	\$ (576,000)	99,066	\$ 675,066
Fund balances, beginning of year			1,277,952	
Fund balances, end of year			\$ 1,377,018	

**CEDAR HILL COMMUNITY DEVELOPMENT CORPORATION  
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2017**

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**EXHIBIT H-1**

	<u>Community Development Corporation</u>
<b>ASSETS</b>	
Equity in pooled cash and cash equivalents	\$ 7,271,055
Receivable:	
Taxes	648,946
Miscellaneous	<u>24,435</u>
<b>Total assets</b>	<u><b>\$ 7,944,436</b></u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	60,822
Accrued liabilities	70,068
Unearned revenue	120,774
Deposits	<u>18,361</u>
<b>Total liabilities</b>	<u><b>270,025</b></u>
<b>FUND BALANCE</b>	
Unassigned	<u>7,674,411</u>
<b>Total fund balance</b>	<u><b>7,674,411</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><b>\$ 7,944,436</b></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, 2017**

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**EXHIBIT H-2**

**TOTAL FUND BALANCES-Governmental funds** \$ 7,674,411

Capital assets used in governmental activities are not financial resources and  
are therefore not reported in the funds. 2,574,734

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	(89,650)
OPEB liability	<u>(42,824)</u>

**TOTAL NET POSITION-Governmental activities** \$ 10,116,671

**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, 2017**

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**EXHIBIT H-3**

	<b><u>Community Development Corporation</u></b>
<b>REVENUES:</b>	
Taxes	\$3,919,866
Charges for services	643,483
Investment earnings	59,144
Miscellaneous	<u>169,762</u>
<b>Total revenues</b>	<u>4,792,255</u>

**EXPENDITURES**

Current:	
Community services	3,321,598
Capital outlay:	
Community services	<u>947,184</u>
<b>Total expenditures</b>	<u>4,268,782</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>523,473</u>
<b>Changes in Fund Balance</b>	<u>523,473</u>
Fund balances, beginning of year	<u>7,150,938</u>
Fund balances, end of year	<u><b>\$7,674,411</b></u>

**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, 2017**

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**EXHIBIT H-4**

<b>NET CHANGE IN FUND BALANCES-Total governmental funds</b>	\$ 523,473
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
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.	947,184
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.	(1,318,875)
Net changes to vacation and sick liabilities are not shown in the fund financial statements.	(2,030)
Net changes in OPEB liability are not shown in the fund financial statements	(4,516)
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ 145,236</u>

**CEDAR HILL ECONOMIC DEVELOPMENT CORPORATION  
(A COMPONENT OF THE CITY OF CEDAR HILL, TEXAS)  
BALANCE SHEET  
AS OF SEPTEMBER 30, 2017**

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**EXHIBIT H-5**

	<u>Economic Development Corporation</u>
<b>ASSETS</b>	
Equity in pooled cash and cash equivalents	\$ 5,616,820
Investments	1,630,897
Receivable:	
Taxes	486,703
Interest	1,146
Prepaid items	<u>21,017</u>
<b>Total assets</b>	<u><b>\$ 7,756,583</b></u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	46,178
Accrued liabilities	<u>21,656</u>
<b>Total liabilities</b>	<u><b>67,834</b></u>
<b>FUND BALANCE</b>	
Nonspendable	21,017
Unassigned	<u>7,667,732</u>
<b>Total fund balance</b>	<u><b>7,688,749</b></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><b>\$ 7,756,583</b></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, 2017**

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**EXHIBIT H-6**

<b>TOTAL FUND BALANCES-Governmental funds</b>	\$ 7,688,749
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	2,904,837
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	(52,737)
OPEB liability	<u>(4,144)</u>
<b>TOTAL NET POSITION-Governmental activities</b>	<u>\$ 10,536,705</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, 2017**

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**EXHIBIT H-7**

	<u>Economic Development Corporation</u>
<b>REVENUES:</b>	
Taxes	\$2,939,899
Investment earnings	63,515
Miscellaneous	<u>18,155</u>
<b>Total revenues</b>	<u>3,021,569</u>
<b>EXPENDITURES</b>	
Current:	
Community services	1,354,065
Other:	
Community services	<u>1,173,015</u>
<b>Total expenditures</b>	<u>2,527,080</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>494,489</u>
<b>Other Financing Sources (Uses)</b>	
Proceeds from sale of assets	<u>819,271</u>
<b>Total Financing Sources (Uses)</b>	<u>819,271</u>
<b>Changes in Fund Balance</b>	<u>1,313,760</u>
Fund balances, beginning of year	<u>6,374,989</u>
Fund balances, end of year	<u>\$7,688,749</u>

**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, 2017**

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**EXHIBIT H-8**

**NET CHANGE IN FUND BALANCES-Total governmental funds** \$ 1,313,760

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 position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds. (13,669)

Net changes to vacation and sick liabilities are not shown in the fund financial statements. 33,274

Net changes in OPEB liability are not shown in the fund financial statements (437)

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. (498,848)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 834,080

**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)**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Governmental activities					
Net investment in capital assets	\$ 50,450,265	\$ 44,383,937	\$ 72,409,924	\$ 72,596,207	\$ 72,238,826
Restricted	12,950,069	12,859,483	12,232,354	11,378,549	10,973,051
Unrestricted	38,339,323	41,778,292	12,564,824	14,718,473	16,659,826
<b>Total governmental activities net position</b>	<b>\$ 101,739,657</b>	<b>\$ 99,021,712</b>	<b>\$ 97,207,102</b>	<b>\$ 98,693,229</b>	<b>\$ 99,871,703</b>
Business-type activities					
Net investment in capital assets	\$ 47,492,002	\$ 47,740,514	\$ 46,312,862	\$ 45,512,376	\$ 45,886,988
Restricted	4,458,851	4,711,553	3,390,278	3,510,291	3,137,658
Unrestricted	4,698,477	3,994,709	3,951,962	3,690,340	2,912,481
<b>Total business-type activities net position</b>	<b>\$ 56,649,330</b>	<b>\$ 56,446,776</b>	<b>\$ 53,655,102</b>	<b>\$ 52,713,007</b>	<b>\$ 51,937,127</b>
Primary government					
Net investment in capital assets	\$ 97,942,267	\$ 92,124,451	\$ 118,722,786	\$ 118,108,583	\$ 118,125,814
Restricted	17,408,920	17,571,036	15,622,632	14,888,840	14,110,709
Unrestricted	43,037,800	45,773,001	16,516,786	18,408,813	19,572,307
<b>Total primary government net position</b>	<b>\$ 158,388,987</b>	<b>\$ 155,468,488</b>	<b>\$ 150,862,204</b>	<b>\$ 151,406,236</b>	<b>\$ 151,808,830</b>

**Source:** Comprehensive Annual Financial Reports

**TABLE 1**

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$	74,150,379	\$ 75,744,968	\$ 80,025,249	\$ 83,215,449	\$ 109,712,318
10,964,938	9,967,610	10,511,210	8,394,131	11,582,583	
14,134,635	13,484,943	1,871,573	1,966,112	17,843,316	
<u>\$ 99,249,952</u>	<u>\$ 99,197,521</u>	<u>\$ 92,408,032</u>	<u>\$ 93,575,692</u>	<u>\$ 139,138,217</u>	
\$	45,615,944	\$ 45,480,236	\$ 46,927,843	\$ 45,050,487	\$ 46,893,008
3,388,212	4,048,531	3,133,733	1,792,767	1,681,967	
3,730,851	6,970,564	6,644,886	7,420,834	6,713,795	
<u>\$ 52,735,007</u>	<u>\$ 56,499,331</u>	<u>\$ 56,706,462</u>	<u>\$ 54,264,088</u>	<u>\$ 55,288,770</u>	
\$	119,766,323	\$ 121,225,204	\$ 126,953,092	\$ 128,265,936	\$ 156,605,326
14,353,150	14,016,141	13,644,943	10,186,898	13,264,550	
17,865,486	20,455,507	8,516,459	9,386,946	24,557,111	
<u>\$ 151,984,959</u>	<u>\$ 155,696,852</u>	<u>\$ 149,114,494</u>	<u>\$ 147,839,780</u>	<u>\$ 194,426,987</u>	

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 5,756,996	\$ 6,552,840	\$ 4,963,810	\$ 4,990,898	\$ 5,280,221
Public safety	18,659,224	20,065,191	19,648,564	19,143,067	19,185,108
Public works	7,647,548	7,031,442	6,625,549	6,575,290	6,492,493
Community services	6,729,210	6,506,179	6,920,678	6,694,703	6,388,243
Interest and fiscal charges	6,790,548	7,196,794	7,230,607	7,178,521	6,924,676
<b>Total governmental activities expenses</b>	<u>45,583,526</u>	<u>47,352,446</u>	<u>45,389,208</u>	<u>44,582,479</u>	<u>44,270,741</u>
Business-type activities:					
Water and sewer	\$ 13,375,271	\$ 14,145,471	\$ 15,528,663	\$ 16,374,985	\$ 15,674,005
<b>Total business-type activities expenses</b>	<u>13,375,271</u>	<u>14,145,471</u>	<u>15,528,663</u>	<u>16,374,985</u>	<u>15,674,005</u>
<b>Total primary government expenses</b>	<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>	<u><u>\$ 59,944,746</u></u>
<b>Program Revenues</b>					
Governmental activites:					
Charges for services					
General government	\$ 332,038	\$ 383,925	\$ 402,651	\$ 366,589	\$ 353,812
Public safety	3,327,518	3,841,740	3,630,091	3,592,585	3,936,093
Public works	650,794	53,675	134,996	235,140	463,247
Community services	2,527,758	2,460,325	2,635,525	2,487,343	2,715,284
Operating grants/contributions	1,999,182	2,382,689	2,263,449	3,112,884	1,979,785
Capital grants/contributions	5,580,070	1,940,005	662,691	997,587	714,235
<b>Total governmental activities program revenues</b>	<u>14,417,360</u>	<u>11,062,359</u>	<u>9,729,403</u>	<u>10,792,128</u>	<u>10,162,456</u>
Business-type activities:					
Charges for services	\$ 14,544,318	\$ 14,303,857	\$ 13,762,041	\$ 16,691,383	\$ 15,977,792
Capital grants/contributions	3,629,474	1,174,014	523,394	354,169	526,269
<b>Total business-type activities program revenues</b>	<u>18,173,792</u>	<u>15,477,871</u>	<u>14,285,435</u>	<u>17,045,552</u>	<u>16,504,061</u>
<b>Total primary government program revenues</b>	<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>	<u><u>\$ 26,666,517</u></u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	\$ (31,166,166)	\$ (36,290,087)	\$ (35,659,805)	\$ (33,790,351)	\$ (34,108,285)
Business-type activities	4,798,521	1,332,400	(1,243,228)	670,567	830,056
<b>Total primary government net expense</b>	<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>	<u><u>\$ (33,278,229)</u></u>

**Source:** Comprehensive Annual Financial Reports

**TABLE 2 (CONTINUED)**

2013	2014	2015	2016	2017
\$ 5,899,317	\$ 6,048,611	\$ 6,722,301	\$ 6,767,213	\$ 6,947,494
19,700,185	21,050,888	22,189,531	24,862,491	25,618,102
6,441,727	6,696,307	11,736,039	11,441,834	5,008,051
6,829,000	7,058,519	7,865,226	8,430,316	9,280,829
7,159,431	6,977,022	2,907,619	2,405,818	1,874,383
46,029,660	47,831,347	51,420,716	53,907,672	48,728,859
\$ 15,491,378	\$ 15,772,743	\$ 16,415,804	\$ 18,221,821	\$ 17,708,700
15,491,378	15,772,743	16,415,804	18,221,821	17,708,700
\$ 61,521,038	\$ 63,604,090	\$ 67,836,520	\$ 72,129,493	\$ 66,437,559
\$ 1,168,201	\$ 464,192	\$ 716,293	\$ 870,839	\$ 843,914
3,798,408	4,096,762	6,019,903	5,254,150	5,550,066
938,346	366,992	100,870	316,432	114,914
2,903,833	2,717,031	3,036,202	3,224,479	3,525,792
2,024,725	1,740,421	2,001,494	2,666,399	2,537,822
2,795,676	5,186,398	1,048,364	4,457,074	1,511,933
13,629,189	14,571,796	12,923,126	16,789,373	14,084,441
\$ 17,209,452	\$ 17,382,937	\$ 18,685,787	\$ 17,415,597	\$ 17,759,404
692,880	631,981	257,513	380,971	1,794,910
17,902,332	18,014,918	18,943,300	17,796,568	19,554,314
\$ 31,531,521	\$ 32,586,714	\$ 31,866,426	\$ 34,585,941	\$ 33,638,755
\$ (32,400,471)	\$ (33,259,551)	\$ (38,497,590)	\$ (37,118,299)	\$ (34,644,418)
2,410,954	2,242,175	2,527,496	(425,253)	1,845,614
\$ (29,989,517)	\$ (31,017,376)	\$ (35,970,094)	\$ (37,543,552)	\$ (32,798,804)

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes					
Sales and use taxes	\$ 6,134,991	\$ 5,953,387	\$ 6,132,913	\$ 6,111,207	\$ 6,365,835
Property taxes	19,669,385	20,122,090	18,765,437	19,155,974	19,328,492
Hotel/motel taxes	61,571	92,321	107,434	135,676	161,997
Franchise fees	3,060,567	3,228,432	2,945,412	3,284,583	3,457,821
Investment earnings	4,450,569	1,765,116	3,406,971	4,535,466	4,005,347
Gain on disposal of property	-	-	40,251	41,859	-
Miscellaneous	637,111	610,796	646,777	211,713	167,267
Transfers	1,802,000	1,800,000	1,800,000	1,800,000	1,800,000
Gain on Joe Pool payment agreement					
<b>Total governmental activities</b>	<b>35,816,194</b>	<b>33,572,142</b>	<b>33,845,195</b>	<b>35,276,478</b>	<b>35,286,759</b>
Business-type activities:					
Investment earnings	\$ 604,215	\$ 219,773	\$ 186,944	\$ 125,261	\$ 119,897
Gain/loss of disposal of property	-	-	-	-	-
Miscellaneous	41,527	45,273	64,610	62,077	74,167
Transfers	(1,802,000)	(1,800,000)	(1,800,000)	(1,800,000)	(1,800,000)
<b>Total business-type activities</b>	<b>(1,156,258)</b>	<b>(1,534,954)</b>	<b>(1,548,446)</b>	<b>(1,612,662)</b>	<b>(1,605,936)</b>
<b>Total primary government</b>	<b>\$ 34,659,936</b>	<b>\$ 32,037,188</b>	<b>\$ 32,296,749</b>	<b>\$ 33,663,816</b>	<b>\$ 33,680,823</b>
<b>Change in Net Assets</b>					
Governmental activities	\$ 4,650,028	\$ (2,717,945)	\$ (1,814,610)	\$ 1,486,127	\$ 1,178,474
Business-type activities	3,642,263	(202,554)	(2,791,674)	(942,095)	(775,880)
<b>Total primary government</b>	<b>\$ 8,292,291</b>	<b>\$ (2,920,499)</b>	<b>\$ (4,606,284)</b>	<b>\$ 544,032</b>	<b>\$ 402,594</b>

**TABLE 2 (CONCLUDED)**

2013	2014	2015	2016	2017
\$ 6,698,766	\$ 7,610,173	\$ 8,075,632	\$ 8,674,970	\$ 8,903,958
19,149,038	19,198,820	20,322,289	21,222,889	22,809,120
190,302	213,130	220,746	223,330	301,690
3,354,340	3,603,799	3,855,211	2,990,157	4,000,294
257,379	3,068,688	1,305,343	1,497,708	268,574
8,479	15,704	86,420	(12,968)	(67,853)
320,416	231,287	340,555	508,136	926,523
1,800,000	1,800,000	1,800,000	2,059,800	924,956
			42,139,681	
<u>31,778,720</u>	<u>35,741,601</u>	<u>36,006,196</u>	<u>37,164,022</u>	<u>80,206,943</u>
 \$ 56,838	\$ 36,670	\$ 58,062	\$ 46,538	\$ 81,424
-	-	-	(3,859)	22,600
130,088	3,478,858	-	-	-
<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>(1,800,000)</u>	<u>(2,059,800)</u>	<u>(924,956)</u>
<u>(1,613,074)</u>	<u>1,715,528</u>	<u>(1,741,938)</u>	<u>(2,017,121)</u>	<u>(820,932)</u>
 <u>\$ 30,165,646</u>	<u>\$ 37,457,129</u>	<u>\$ 34,264,258</u>	<u>\$ 35,146,901</u>	<u>\$ 79,386,011</u>
 \$ (621,751)	\$ 2,482,050	\$ (2,491,394)	\$ 45,723	\$ 45,562,525
<u>797,880</u>	<u>3,957,703</u>	<u>785,558</u>	<u>(2,442,374)</u>	<u>1,024,682</u>
 <u>\$ 176,129</u>	<u>\$ 6,439,753</u>	<u>\$ (1,705,836)</u>	<u>\$ (2,396,651)</u>	<u>\$ 46,587,207</u>

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

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
General Fund				
Reserved				
Prepaid and inventory	\$ 94,975	\$ 289,796	\$ -	\$ -
Animal shelter	136,421	93,240	-	-
Unreserved	7,910,030	7,429,188	-	-
Nonspendable	-	-	79,890	108,886
Restricted	-	-	23,359	21,422
Unassigned	-	-	7,245,735	8,081,105
<b>Total General Fund</b>	<b>\$ 8,141,426</b>	<b>\$ 7,812,224</b>	<b>\$ 7,348,984</b>	<b>\$ 8,211,413</b>
All Other Governmental Funds				
Reserved for:				
Prepaid and inventory	\$ 700	\$ -	\$ -	\$ -
Construction	36,973,575	32,992,500	-	-
Debt service	1,351,130	1,338,388	-	-
Unreserved - designated for Joe Pool Fund	28,583,356	33,303,314	-	-
Unreserved, reported in:				
Special revenue funds	1,851,054	1,812,463	-	-
Nonspendable	-	-	4,113	1,175
Restricted for:				
Construction	-	-	27,061,239	21,065,403
PID use	-	-	255,046	264,048
Tourism	-	-	517,732	590,841
Public safety	-	-	267,580	356,891
Debt service	-	-	1,214,648	1,113,789
Committed for:				
Library	-	-	64,273	75,740
Landscaping	-	-	1,006,819	1,477,075
Construction	-	-	2,077,747	1,564,353
Building maintenance	-	-	725,215	821,645
Joe pool	-	-	39,186,264	44,607,884
Assigned	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 68,759,815</b>	<b>\$ 69,446,665</b>	<b>\$ 72,380,676</b>	<b>\$ 71,938,844</b>

**Source:** Comprehensive Annual Financial Reports

**TABLE 3**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ -	\$ -	\$ -	\$ 283,522	\$ 117,473
			123,575	-
-	-	-	-	-
47,394	52,652	26,822	-	-
15,602	24,404	24,406	-	-
<u>8,155,908</u>	<u>7,835,891</u>	<u>9,090,324</u>	<u>8,771,503</u>	<u>8,448,918</u>
<u>\$ 8,218,904</u>	<u>\$ 7,912,947</u>	<u>\$ 9,141,552</u>	<u>\$ 9,178,600</u>	<u>\$ 8,566,391</u>
\$ -	\$ -	\$ -	\$ 6,224	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
875	875	1,963	-	-
18,479,874	16,652,763	24,504,541	17,612,849	10,059,379
262,925	270,267	277,468	239,342	368,849
665,874	750,883	836,894	821,640	912,273
583,458	608,020	541,678	545,723	804,398
1,340,738	1,356,029	1,246,232	1,447,330	1,396,399
131,760	135,238	121,489	123,146	107,118
1,366,022	1,092,406	1,050,997	1,277,952	1,377,018
1,572,054	1,577,647	1,173,232	1,819,952	2,545,026
825,690	828,407	817,196	194,232	177,445
46,527,005	51,305,636	54,301,017	58,689,221	18,564,055
-	-	-	-	<u>97,936</u>
<u>\$ 71,756,275</u>	<u>\$ 74,578,171</u>	<u>\$ 84,872,707</u>	<u>\$ 82,777,611</u>	<u>\$ 36,409,896</u>

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

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Revenues</b>					
Taxes	\$ 26,005,485	\$ 26,228,990	\$ 25,057,110	\$ 25,408,781	\$ 25,812,621
Franchise taxes	3,060,567	3,239,410	3,745,033	3,188,430	3,431,525
Licenses and permits	579,360	429,801	599,253	520,502	526,399
Intergovernmental	2,154,882	2,465,569	2,550,947	3,532,596	2,224,495
Charges for services	3,643,269	4,649,195	4,587,557	4,491,115	4,669,666
Fines and forfeits	1,367,603	1,170,989	1,307,338	1,330,054	1,372,402
Investment earnings	4,200,813	1,600,287	3,217,524	4,510,842	3,989,265
Miscellaneous	1,626,613	1,021,043	1,043,796	592,110	877,586
<b>Total revenues</b>	<b>42,638,592</b>	<b>40,805,284</b>	<b>42,108,558</b>	<b>43,574,430</b>	<b>42,903,959</b>
<b>Expenditures</b>					
General government	5,588,631	5,738,425	4,268,152	4,213,256	4,411,688
Public works	4,146,221	2,799,588	2,258,685	2,131,623	2,056,306
Public safety	18,452,134	19,953,010	19,365,668	18,715,058	18,560,836
Community services	5,835,435	5,696,781	6,111,610	5,800,851	5,478,014
Principal retirement	3,860,000	3,930,000	4,284,760	4,271,275	4,524,345
Interest and fiscal agent charges	3,582,146	4,250,266	4,001,699	3,957,697	3,444,741
Capital outlay	16,714,857	4,607,387	3,297,991	3,992,499	5,815,584
<b>Total expenditures</b>	<b>58,179,424</b>	<b>46,975,457</b>	<b>43,588,565</b>	<b>43,082,259</b>	<b>44,291,514</b>
<b>Excess of revenues</b>					
<b>Over (under) expenditures</b>	<b>(15,540,832)</b>	<b>(6,170,173)</b>	<b>(1,480,007)</b>	<b>493,914</b>	<b>(1,387,555)</b>
<b>Other Financing Sources (Uses)</b>					
Transfer in	2,347,581	3,613,525	3,469,645	2,903,840	3,746,000
Transfer out	(545,581)	(1,813,525)	(1,669,645)	(1,103,840)	(1,946,000)
Premium or discount on issuance of debt	353,385	47,125	-	223,578	474,838
Issuance of debt	19,530,000	7,500,000	2,767,655	14,630,000	9,040,000
Refunding bonds issued	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	(2,730,000)	(14,678,464)	(9,506,686)
<b>Total other financing sources (uses)</b>	<b>21,685,385</b>	<b>9,347,125</b>	<b>1,837,655</b>	<b>1,975,114</b>	<b>1,808,152</b>
<b>Net change in fund balance</b>	<b>\$ 6,144,553</b>	<b>\$ 3,176,952</b>	<b>\$ 357,648</b>	<b>\$ 2,469,028</b>	<b>\$ 420,597</b>
Debt service as a percentage of noncapital expenditures	17.9%	19.3%	20.6%	21.1%	20.7%

**Source:** Comprehensive Annual Financial Reports

TABLE 4

2013	2014	2015	2016	2017
\$ 26,083,264	\$ 27,058,897	\$ 28,678,707	\$ 30,120,119	\$ 32,334,075
3,352,205	3,637,472	3,819,178	3,465,968	3,531,434
772,875	738,332	780,478	778,437	807,719
2,050,841	2,556,633	3,550,102	6,750,150	3,611,557
4,950,614	5,015,795	5,219,839	4,733,546	4,557,442
1,303,332	1,389,008	1,865,880	1,760,310	1,936,758
248,395	3,064,301	2,522,617	1,490,918	255,087
4,173,110	810,058	1,145,450	759,828	1,398,078
<u>42,934,636</u>	<u>44,270,496</u>	<u>47,582,251</u>	<u>49,859,276</u>	<u>48,432,150</u>
4,572,942	4,917,868	4,868,548	5,026,331	5,322,042
2,240,304	2,572,167	2,145,169	2,053,159	2,249,229
19,066,681	20,151,570	20,773,934	21,791,776	22,755,963
5,927,054	6,040,714	6,601,545	6,849,744	7,492,414
4,792,415	5,225,860	5,641,240	6,102,000	46,889,359
3,086,412	2,997,075	2,860,726	2,874,002	2,506,334
5,223,906	3,390,010	2,062,022	12,169,887	9,121,689
<u>44,909,714</u>	<u>45,295,264</u>	<u>44,953,184</u>	<u>56,866,899</u>	<u>96,337,030</u>
(2,087,769)	(1,024,768)	2,629,067	(7,007,623)	(47,904,880)
3,213,790	3,394,411	3,218,718	3,764,661	3,024,806
(1,413,790)	(2,144,994)	(2,399,486)	(1,738,295)	(2,099,850)
-	410,735	2,961,899	2,336,076	-
-	-	-	-	-
-	9,495,000	23,325,050	16,477,611	-
-	(7,614,445)	(16,990,488)	(17,112,097)	-
<u>1,800,000</u>	<u>3,540,707</u>	<u>10,115,693</u>	<u>3,727,956</u>	<u>924,956</u>
<u>\$ (287,769)</u>	<u>\$ 2,515,939</u>	<u>\$ 12,744,760</u>	<u>\$ (3,279,667)</u>	<u>\$ (46,979,924)</u>
19.9%	19.6%	19.8%	20.1%	56.6%

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

**TABLE 5**

<b>Fiscal Year Ended September 30,</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
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
2017	3,445,936,429	290,270,770	(505,646,426)	3,230,560,773	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)**

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Fiscal Year Ended <u>September 30,</u>	<b>City Direct Rates</b>					
	<b>Basic Rate</b>	<b>General Obligation</b>		<b>Total Direct</b>	<b>Cedar Hill I.S.D.</b>	<b>Dallas County Community College District</b>
		<b>Debt Service</b>	<b> </b>			
2008	0.459490	0.181910	0.641400	1.400000	0.080400	
2009	0.459490	0.181910	0.641400	1.500000	0.089400	
2010	0.459490	0.181910	0.641400	1.400000	0.094900	
2011	0.488090	0.181910	0.670000	1.440000	0.099230	
2012	0.499820	0.186060	0.685880	1.440000	0.099670	
2013	0.509630	0.186060	0.695690	1.440000	0.119375	
2014	0.512700	0.186060	0.698760	1.525000	0.124700	
2015	0.512700	0.186060	0.698760	1.525000	0.124780	
2016	0.512700	0.186060	0.698760	1.525000	0.123650	
2017	0.512700	0.186060	0.698760	1.516000	0.124240	

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

**TABLE 6**

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Dallas County	County School Equalization	Duncanville I.S.D.	Ellis County	Midlothian I.S.D.
0.228100	0.004714	1.418000	0.393607	1.367500
0.228100	0.004928	1.418000	0.393599	1.407500
0.228100	0.005212	1.418000	0.393600	1.397500
0.243100	0.010000	1.418000	0.393599	1.397500
0.243100	0.010000	1.418000	0.393599	1.397500
0.243100	0.009937	1.418000	0.380091	1.540000
0.243100	0.010000	1.410000	0.380091	1.540000
0.243100	0.010000	1.410000	0.380091	1.540000
0.243100	0.010000	1.529500	0.380091	1.540000
0.243100	0.009271	1.521480	0.380091	1.540000

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

**TABLE 7**

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City	Taxable Assessed Value	Rank	Percentage of Total City
			Value <sup>a</sup>			Taxable Assessed Value <sup>b</sup>
Uptown Village at Cedar Hill	\$ 54,036,500	1	1.67%	\$ 33,866,450	3	1.13%
EL Ad Cedar Hill, LLC	47,898,920	2	1.48%			
Price Midtown LLC	43,000,000	3	1.33%			
KRG Cedar Hill Plaza, LP	29,700,000	4	0.92%	45,800,000	1	1.52%
Indland Western Cedar Hill	29,337,040	5	0.91%	36,654,800	2	1.22%
Oncor Electric Delivery	25,231,920	6	0.78%	30,278,860	5	1.01%
JC Penny Co., INC.	23,519,822	7	0.73%	32,608,500	4	1.09%
Wal-Mart Stores	21,514,640	8	0.67%	21,559,160	6	0.72%
Gates Cedar Hill, LTD	18,300,000	9	0.57%			
AP Cedar Hill, LLC	15,120,000	10	0.47%			
Target Corporation				17,869,680	7	0.59%
Texwood Industries LP						0.00%
Texas HCP						0.00%
TSCA 2002 LTD Partnership				17,090,460	8	0.57%
RPI Cedar Hill LTD				16,500,000	9	0.55%
EE Cedar Hill Crossing LP				15,843,290	10	0.53%
Pleasant Run and 67 LTD						0.00%
<b>Total</b>	<b>\$ 307,658,842</b>		<b>9.52%</b>	<b>\$ 268,071,200</b>		<b>8.92%</b>

**Source:** Dallas Central Appraisal District

**Note:**

<sup>a</sup> Total taxable value including real and personal property for tax year 2016 (fiscal year 2017) is \$3,230,560,773

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

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

**TABLE 8**

<b>Fiscal Year Ended September 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
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%
2017	22,573,866	22,196,989	98.33%	-	22,196,989	98.33%

**Sources:** Dallas County Tax Office

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

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<b>Fiscal Year</b>	<b>Governmental Activities</b>			
	<b>General Obligation Bonds</b>	<b>Certificate of Obligation Bonds</b>	<b>Other Obligations</b>	<b>Unamortized Premiums</b>
2008	\$ 55,660,000	\$ 33,265,000	\$ 53,134,705	\$ 945,822
2009	60,040,000	32,455,000	56,154,350	892,941
2010	56,837,895	31,410,000	59,345,601	798,006
2011	62,666,620	21,670,000	62,718,212	918,887
2012	59,092,275	20,880,000	66,282,488	1,195,401
2013	55,019,860	20,160,000	70,049,322	1,027,368
2014	51,239,000	20,990,000	74,030,225	1,274,903
2015	61,812,760	11,420,000	78,237,362	3,814,067
2016	63,920,760	3,080,000	82,683,592	5,389,921
2017	58,245,312	2,410,000		4,503,276

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

TABLE 9

Business-Type Activities			Total Primary Government	Percentage of Total Personal Income <sup>c</sup>	Percentage of Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
Waterworks & Sewer System Revenue Bonds	Waterworks & Sewer System GO &CO Bonds <sup>c</sup>	Unamortized Premiums <sup>c</sup>		Personal Income <sup>c</sup>	Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
\$ 10,695,000	\$ -	\$ 53,050	\$ 153,700,527	Not available	5.12%	3,423
13,040,000	-	65,118.00	162,582,291	Not available	5.21%	3,565
10,250,000	2,167,105	58,877.00	160,808,607	14%	5.52%	3,473
9,795,000	1,938,380	52,869.00	159,707,099	14%	5.74%	3,529
9,325,000	1,702,725	47,110.00	158,477,889	13%	5.79%	3,384
8,835,000	1,460,140	41,614.00	156,551,690	13%	5.75%	3,343
6,575,000	9,186,000	450,007.00	163,295,128	13%	6.03%	3,313
4,375,000	11,217,240	710,622.39	170,876,429	14%	5.86%	3,444
-	14,264,240	1,043,341.17	169,338,513	13%	5.61%	3,326
	13,014,688	877,422.40	78,173,276	6%	2.42%	1,501

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

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

<sup>c</sup> Self-supporting tax-backed bonds.

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

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

**TABLE 10**

Fiscal Year	General Bonded Debt Outstanding			Percentage of		Actual Taxable Value of Property <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Certificate of Obligation Bonds	Unamortized Premium	Less Sinking Fund <sup>c</sup>	Net General Bonded Debt		
2008	55,660,000	33,265,000	945,822	1,315,616	88,555,206	2.95%	1,972
2009	60,040,000	32,455,000	892,941	1,351,830	92,036,111	2.95%	2,018
2010	59,005,000	31,410,000	798,006	1,338,388	89,874,618	3.09%	1,941
2011	64,605,000	21,670,000	918,887	1,214,648	85,979,239	3.09%	1,900
2012	60,795,000	20,880,000	1,195,401	1,113,789	81,756,612	2.99%	1,746
2013	56,480,000	20,160,000	1,027,368	1,340,738	76,326,630	2.82%	1,630
2014	60,425,000	20,990,000	1,274,903	1,356,029	81,333,874	3.03%	1,650
2015	73,030,000	11,420,000	3,814,067	1,247,844	87,016,223	3.05%	1,754
2016	71,190,000	3,080,000	5,389,921	1,447,330	78,212,591	2.59%	1,536
2017	64,700,000	8,970,000	5,380,698	1,396,399	77,654,299	2.40%	1,491

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

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

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

<sup>c</sup> Debt Service Fund Balance

**CITY OF CEDAR HILL, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF SEPTEMBER 30, 2017  
(UNAUDITED)**

**TABLE 11**

<b>Taxing Jurisdiction</b>	<b>2016/17 Taxable Assessed Value</b>	<b>2016/17 Tax Rate</b>	<b>Total G.O. Tax Debt</b>	<b>Estimated % Applicable</b>	<b>City's Overlapping G.O. Tax Debt</b>
City of Cedar Hill	\$ 3,435,850,865	0.69876	50,200,310 <sup>(1)</sup>	100.00%	\$ 50,200,310
Cedar Hill ISD	3,283,181,937	1.51600	120,392,969	93.07%	112,049,736
Dallas County	224,416,323,244	0.24310	199,545,000	1.34%	2,673,903
Dallas County Comm. College Dist.	231,510,039,944	0.12424	263,140,000	1.34%	3,526,076
Dallas County Hospital Dist.	225,319,083,792	0.27940	703,770,000	1.34%	9,430,518
Dallas County Schools	207,228,323,960	0.01000	40,330,000	1.34%	540,422
Desoto ISD	2,833,312,837	1.49000	135,311,658	0.14%	189,436
Duncanville ISD	4,307,831,763	1.52148	214,226,096	2.49%	5,334,230
Ellis County	14,040,948,509	0.35971	37,859,914	0.62%	234,731
Midlothian ISD	3,887,101,136	1.54000	293,696,382	1.98%	<u>5,815,188</u>
Overlapping G.O. Tax Debt					\$ 139,794,240
City Direct G. O. Tax Debt					<u>\$ 50,200,310</u>
Total Direct and Overlapping G. O. Tax Debt					\$ 189,994,550
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					5.53%
Per Capita Direct and Overlapping G. O. Tax Debt					\$ 3,731.46

**Source:**

<sup>a</sup> 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.

<sup>(1)</sup> The City's total direct debt is net of self supporting debt and Debt Service Fund Balance; the City does not include its contract liability on Joe Pool Lake.

**CITY OF CEDAR HILL, TEXAS LEGAL  
DEBT MARGIN INFORMATION AS OF  
SEPTEMBER 30, 2017  
(UNAUDITED)**

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**TABLE 12**

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

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

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

The tax rate at October 1, 2017 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**

<b>Fiscal Year</b>	<b>Gross Revenues (1)</b>	<b>Less: Operating Expenses (2)</b>	<b>Net Available Revenue</b>	<b>Average Debt Service (3)</b>	<b>Coverage</b>
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
2017	17,679,424	15,273,504	2,405,920	-	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. All existing Revenue Bonds were defeased in FY2016

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

**TABLE 14**

<b>Year</b>	<b>Estimated Population <sup>a</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income <sup>b</sup></b>	<b>Median Household Income<sup>b</sup></b>	<b>Median Age <sup>b</sup></b>	<b>Cedar Hill I.S.D. Enrollment <sup>c</sup></b>	<b>Unemployment Rate <sup>d</sup></b>
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	49,289	1,304,088,362	26,458	63,667	35	8,700	5.9%
2015	49,615	1,258,087,555	25,357	65,421	35	7,915	4.7%
2016	50,917	1,300,267,429	25,537	68,526	34	8,046	4.7%
2017	52,066	1,394,171,282	26,777	69,412	34	7,883	4.0%

**Sources:**

<sup>a</sup> Available estimates are provided by Claritas, Applied Geographic Solutions.

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

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

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

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

**TABLE 15**

<b>Employer</b>	<b>2017</b>			<b>2008</b>		
	<b>Estimated Employees</b>	<b>Rank</b>	<b>Percentage of Total City Workforce</b>	<b>Estimated Employees</b>	<b>Rank</b>	<b>Percentage of Total City Workforce</b>
Wal-Mart Supercenter	436	1	1.65%	450	3	1.89%
JCPenney, Distribution Center	336	2	1.27%	550	2	2.31%
Total Highway Maintenance	250	3	0.94%			
Super Target	180	4	0.68%	230	4	0.97%
MJB Wood Group/Precision Wood	175	5	0.66%			
Woodmont/Western Cabinets	170	6	0.64%	135	7	0.57%
DMI Corporation	150	7	0.57%	200	5	0.84%
idX Corporation	125	8	0.47%			
Home Depot	125	9	0.47%			
Dillard's	125	10	0.47%			
Texwood Industries - Quality Doors				700	1	2.94%
Sampco Supply				150	6	0
JCPenney, Department Store				130	8	0
Trinity School				130	9	0
Pegasus Transportation				125	10	0.52%
<b>Total</b>	<b><u>2,072</u></b>		<b><u>7.84%</u></b>	<b><u>2,800</u></b>		<b><u>11.75%</u></b>

**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 2017 and FY 2008 is 26,456 and 23,825 respectively

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

**TABLE 16**

<b>Function/Program</b>	<b>Full Time Equivalent Employees as of September 30</b>									
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General Government:										
Administration	9.50	10.00	10.00	10.00	10.00	10.00	9.50	10.00	9.50	9.50
Human resources	4.00	4.00	4.00	3.00	4.00	4.00	4.00	4.00	3.00	3.00
Information technology	4.00	4.00	4.00	4.00	4.00	4.00	4.23	4.50	5.20	5.20
Finance	6.75	6.75	6.75	6.75	6.75	6.75	7.00	7.00	7.00	7.00
Economic development	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Tourism	-	-	-	-	-	-	-	1.00	1.50	1.50
Non-Departmental	1.50	1.50	1.50	0.77	2.27	2.27	2.27	2.27	2.50	2.00
Government center	-	1.50	1.50	2.50	2.50	2.50	3.00	2.50	3.00	3.00
Public Works:										
Streets & drainage	15.33	13.58	13.58	14.25	14.25	14.25	15.25	14.25	14.40	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	41.65	43.65	43.65	43.65	43.65	43.65	41.15	44.65	44.65	36.00
Public Safety:										
Police	83.00	84.00	84.00	86.10	87.40	87.40	88.10	87.40	89.50	88.50
Animal control	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Fire	65.00	69.00	78.00	78.00	78.00	78.00	78.00	78.00	79.00	78.00
Municipal court	6.80	7.30	7.30	6.80	7.93	7.93	6.80	7.93	6.68	6.68
Code enforcement	9.00	9.00	9.00	8.00	9.00	9.00	9.00	9.00	9.00	9.00
Animal shelter	9.63	9.63	9.63	9.63	9.63	9.63	10.53	10.53	10.53	10.33
Community Services:										
Parks	22.35	26.40	26.40	26.40	26.40	28.40	26.40	28.40	23.77	23.77
Community development	5.89	6.79	6.79	6.79	6.79	7.79	7.79	7.79	7.79	7.79
Recreation	9.98	10.25	10.25	10.50	11.50	11.50	10.50	11.50	11.50	8.45
Recreation center	21.00	21.50	21.50	22.50	23.00	23.00	23.84	23.00	23.80	23.80
Library	11.48	11.48	11.48	10.48	10.72	10.72	12.72	10.72	12.20	12.20
Main Street	-	-	-	-	-	-	-	-	-	1.00
Planning	4.00	4.00	4.00	3.00	4.00	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
<b>Total City Employees:</b>	<b>339.86</b>	<b>353.33</b>	<b>362.33</b>	<b>362.12</b>	<b>370.79</b>	<b>373.79</b>	<b>373.08</b>	<b>378.44</b>	<b>378.52</b>	<b>365.12</b>

**Source:** Annual Budgets

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

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

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

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

The Government Center positions were created in fiscal year 2009.



# CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

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

<u>Function/Program</u>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Public Works:					
Streets & Drainage					
Number of street lights	2,659	2,670	2,705	2,777	2,777
Water & Sewer					
Number of water consumers	14,791	15,188	15,283	15,186	15,236
Average daily water consumption (millions of gallons)	8.2	8.5	8.4	9	8
Maximum storage capacity (millions of gallons)	18.0	18.0	18.0	18	18
Number of sewer connections	13,550	13,791	13,873	13,874	13,956
Public Safety:					
Police					
Index crimes, by calendar year	1,635	1,814	1,846	1,720	1,752
Index crime rate per 100,000, by calendar year	3,542.6	3,902.8	3,955.0	3,673	3,741
Percent index crimes cleared, by calendar year	19%	29%	29%	32%	39%
Number of reserve police officers	4.00	3.00	3.00	3	3
Fire					
Calls for service - Fire & EMS	5,022	5,193	5,221	n/a	n/a
Municipal Court					
Number of cases filed	7,552	6,983	6,419	7,472	6,204
Number of cases closed	5,995	7,061	6,165	8,142	6,566
Number of cases appealed	282	214	345	345	126
Number of warrants issued	3,953	3,616	2,752	5,056	3,211
Code Enforcement					
Building permits issued	578	432	491	404	415
Total dollar value of permits issued	83,105,685	28,441,102	33,687,160	22,611,850	19,898,425
Animal Shelter					
Number of incoming animals	5,243	5,208	5,380	4,909	5,300
Number of lost pets returned to owners	811	781	785	769	790
Number of animals adopted out	758	923	797	724	830
Number of animals euthanized	3,068	2,888	2,757	2,500	2,305
Number of animals transferred or rescued	524	796	927	777	800

**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**

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2013	2014	2015	2016	2017
2,618	2,639	2,632	2,616	2,616
15,438	15,427	15,788	15,940	16,019
8	10	6	6	6
18	18	18	18	18
14,102	14,071	14,267	14,537	14,923
1,593	1,531	1,528	1,653	1,618
3,402	3,341	3,335	3,510	3,419
34%	35%	35%	30%	30%
3	3	3	4	4
n/a	6,077	6,150	6,207	6,257
7,188	7,450	7,785	7,610	8,621
7,193	6,229	7,393	6,642	4,801
126	97	163	143	198
3,410	4,218	4,885	4,604	5,486
482	520	605	584	652
102,991,772	38,018,194	58,530,567	40,449,488	50,982,675
4,784	4,694	6,253	6,493	5,894
749	704	901	912	1,055
741	932	1,298	1,332	1,448
1,931	1,905	2,636	2,284	1,715
722	899	1,131	1,796	1,914

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

**TABLE 18**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Works: Streets & Drainage										
Paved streets (miles) <sup>a</sup>	210	210	216	217	218	218	218	218	218	218
Graded streets (miles)	1	1	1	1	1	1	1	1	1	1
Paved alleys (miles)	42	42	42	42	42	42	42	42	42	42
Storm sewers (miles) <sup>a</sup>	70	71	74	76	76	76	77	77	77	77
Water & Sewer										
Water mains (miles) <sup>a</sup>	280	282	279	279	273	278	279	279	279	279
Storage capacity (millions of gallons)	18	18	18	18	18	18	18	18	18	18
Sanitary sewers (miles) <sup>a</sup>	245	247	214	215	214	214	214	214	214	214
Public Safety: Police										
Stations	1	1	1	2	2	2	2	2	2	2
Fire										
Stations	3	4	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	686	686	692	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	23	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:**

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