

Comprehensive Annual Financial Report



City of Cedar Hill, Texas
For Year Ended September 30, 2014

CITY OF CEDAR HILL, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2014

Prepared by the
CITY OF CEDAR HILL
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Latifia Coleman, Accounting Manager

CITY COUNCIL

Robert K. Franke, Mayor

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

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

CITY MANAGER

Greg Porter



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**City of Cedar Hill
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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INTRODUCTORY SECTION



CEDAR HILL
WHERE OPPORTUNITIES GROW NATURALLY

June 22, 2015

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

Submitted herewith is the Comprehensive Annual Financial Report (CAFR) of the City of Cedar Hill (the "City") for the fiscal year ended September 30, 2014. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. To enable the reader to gain an understanding of the City's financial activities, all necessary disclosures have been included.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America established by the Government Accounting Standards Board (GASB). The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the City's organizational chart, a list of principal officials and the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the City's 2013 report. The financial section includes the management's discussion and analysis (MD&A), the government-wide and fund financial statements, notes to basic financial statements, required supplemental information, other supplemental information, as well as the independent auditors' report on the basic financial statements. The statistical section includes selected financial and demographic information which is presented on a multi-year basis.

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

THE REPORTING ENTITY

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

The accompanying CAFR includes all funds of the City. This report includes all government activities, organizations and functions for which the City is financially accountable. The criteria used in determining activities to be reported within the City's basic financial statements are based upon and consistent with those set forth by the GASB. Based upon these criteria, the

Community Development Corporation (CDC) and the Economic Development Corporation (EDC) are included as discretely presented component units.

THE CITY OF CEDAR HILL

Cedar Hill, the oldest organized community in Dallas County, has grown from a small rural town of 6,850 in 1980 to a suburban city with approximately 49,289 in 2014. The City of Cedar Hill is located on U.S. Highway 67, in the southwest quadrant of Dallas County and a small portion of northern Ellis County. The City covers an area of 36 square miles and is approximately 18 miles from downtown Dallas. With easy access to I-20 and I-35 from U.S. Highway 67, Cedar Hill is home to many residents who commute to and from employment in the Dallas-Fort Worth (DFW) metropolitan area. One of the City's most visited attractions, Joe Pool Lake, offers 7,500 acres of water for fishing, sailing and waterskiing, drawing visitors from all over the United States. Adjoining Joe Pool Lake is Cedar Hill State Park, which offers more than 1,800 acres of parkland and is one of the most visited state parks in Texas. Cedar Hill also has 31 City parks on approximately 721 acres of parkland. Park facilities include a recreation center, a senior center, softball fields, baseball fields, soccer fields, tennis courts, a municipal swimming pool, football fields, playground equipment, picnic pavilions, basketball courts, an amphi-theatre, fishing ponds, paved trails and nature preserves. This variety of amenities is an asset to our community and a point of character and identity, adding to the charm of Cedar Hill. The inclusion of neighborhood parks and the preservation of green space will remain a priority as the City expands.

ECONOMIC CONDITION AND OUTLOOK

Optimism is the best way to describe the overall feeling in commercial real estate in the Metroplex. From meetings focused on retail development to those focused on industrial development, the tone is positive. Cedar Hill is no exception to the increasingly positive business climate and continuing recovery. In 2014 there were 520 certificates of occupancy awarded in Cedar Hill with a total valuation of \$38,018,194.

An example of the positive business climate is the growth in the industrial sector; growth in the Cedar Hill Business Park on Mt. Lebanon Road. Highway Intelligent Traffic Systems moved into a new 15,000 sq. ft. building. NARSTCO will close on a property mid-May 2015 and build a 12,975 square foot building for manufacturing steel railroad ties and turn outs. In other parts of the City, BobCat of Dallas has purchased a property to grow into and IDX continues to ramp up employment.

Construction activity for single family homes was 106 single family construction permits issued during the course of 2014 with a value of \$22,754,900. Midtown Cedar Hill is now open – this high end, urban style multi-family complex of 355 units on 13 acres, consists of garden-style luxury buildings and first floor spaces convertible to mixed use office or retail. Community amenities include an upscale clubhouse, extensive landscaping, park, executive business center, resort-style swimming pool, state of the art fitness facility, internet café, game room and theatre. The complex features green building programs that focuses on reducing energy and water consumption. Key features include efficient building practices combined with the preservation of environmental features, such as native landscaping. The location – in the heart of the city center is adjacent to the City Center Park under design. The City Center Park will increase the density of the city center and begin the transformation to a walkable more urban landscape.

The retail market remains strong in Cedar Hill. Uptown Village, a 600,000 square foot lifestyle mall, has new ownership/management and plans to upgrade and renovations are on the way. The mall has rebranded itself with a name change – to Hillside Village and has a few new exciting leases confirmed. For example, H&M, is a 21,000 square foot retailer that captures a younger high-end fashion market. We expect continual growth and additional retailers at Hillside Village in the upcoming year. Other retailers are moving into the market – for instance Home Goods entered in the Plaza Center in 2014 and Pollo Tropical is completing construction on a new building, at a key intersection on the NE corner of highway 67 and SH 1382. East of highway 67, a new Neighborhood Wal-Mart is nearing completion across from the Aldi's store at the intersection of Joe Wilson and SH1382. Another site for a mixed used development is the northbound access road of SH67, Cedar Crossing, adjacent to the Kohls shopping center. That segment of the access road has seen medical office development in the last year with First Choice Emergency and Dr. Dagley Pain Medical Clinic.

Use of hotel space in the City continues to grow and helps to support the City's tourism initiative. Occupancy of the City's 214 rooms is consistently high and revenue forecasts are expected to substantially exceed previous years. The Dogwood Canyon Audubon Society's 250-acre national preserve with interpretive center welcomes several thousand visitors per year. This center, in conjunction with Cedar Hill State Park, Cedar Mountain Preserve and other adjacent City and institutional open spaces, is part of a 12,000-acre greenbelt, one of the largest masses of urban preserve in the region. The City of Cedar Hill manages diverse offerings of local parks, trails, special events and recreation programs. The city manages 32 parks, over 30 miles of trails, a recreation center, a senior center, aquatic programs and youth and adult athletic programs

Higher education offerings in the City are Northwood University, Strayer University in 610 Uptown Blvd, and Cedar Valley College which offers workforce development and continuing education classes in conjunction with the Small Business Development Center at the Cannady location in Cedar Hill.

New and varied offerings in K-12 are springing up in the City. While the ISD continues to thrive as a Recognized District and is adding gardens on campuses, other education offerings are also springing up. The CHISD is focused on providing educational choices for the community through innovative educational opportunities. The District is building upon the success of its nationally ranked Early College Collegiate High School and opening Collegiate Prep Elementary School and Collegiate Academy Middle School in the fall of 2015.

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

The fiscal year 2015 budget was developed based upon a recovering economy and an increase in overall property valuations of approximately 5.6%. The property tax rate stayed steady at 69.876 cents per \$100 of property value which allowed service levels to be current service levels provided to citizens. This property tax rate is projected to generate approximately \$780,000 in additional revenues when compared to fiscal year 2014. The budget also included anticipated growth in sales tax of 4.0%. The General Fund expenditure budget for fiscal year 2015 increased by approximately \$1.5 million primarily due to salary increases to General and Public Safety employees. The City continues to remain financially strong and stable by adjusting expenditures to available revenues.

FINANCIAL PLANNING AND FISCAL POLICIES

The City continues to update several master plans to guide the City's long-term growth and financial planning. Significant master planning activity includes recent updates to: 1) the comprehensive water and wastewater system master plan, 2) parks, open space and trails vision plan 3) a transit oriented development-city center plan, and 4) a strategic plan for the Economic Development Corporation. Utilizing these plans, the City annually updates a five-year capital improvement plan, including the timing and amounts of debt to be issued to fund the plan.

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

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

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

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

OTHER INFORMATION

Independent Audit:

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

Certificate of Achievement:

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cedar Hill for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2013. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year. The City has received the Certificate of Achievement for twenty-three years consecutively (fiscal years ended 1990 - 2013). We believe our current report continues to conform to the Certificate of Achievement program requirements, and are submitting the 2014 CAFR to the GFOA.

Acknowledgements:

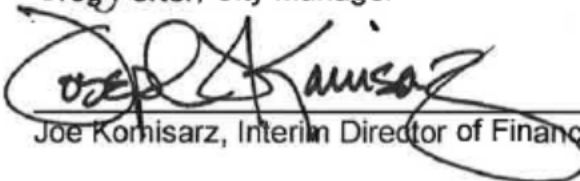
The preparation of this report could not be accomplished without the efficient and dedicated services of the Administrative Department staff and the Finance Department staff. We would like to express our appreciation to all employees who assisted and contributed to its presentation.

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

Respectfully submitted,



Greg Porter, City Manager



Joe Komisarz, Interim Director of Finance



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

City of Cedar Hill
Texas

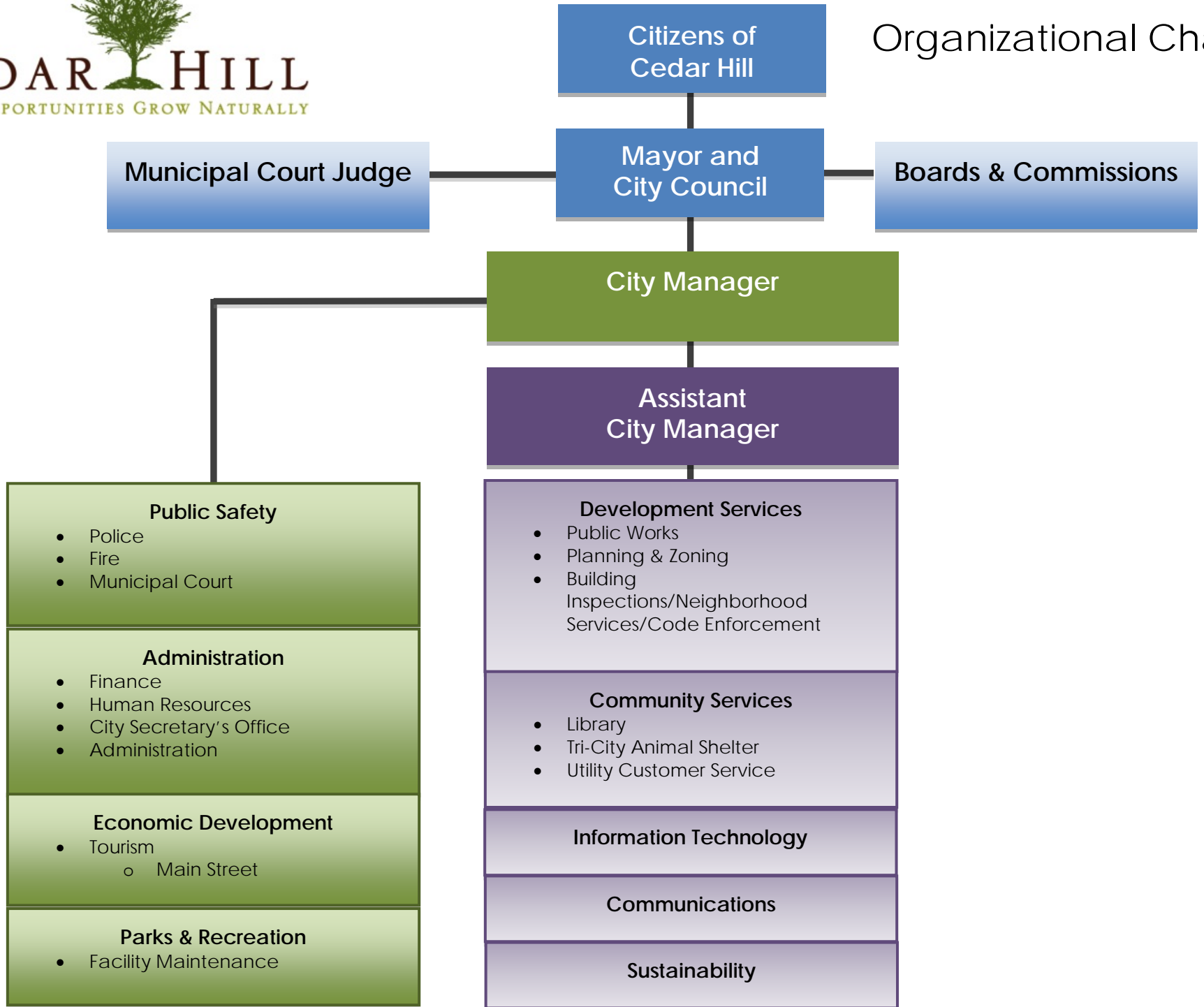
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO



Organizational Chart



**CITY OF CEDAR HILL
List of Principal Officials
at September 30, 2014**

Elected Officials

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

Appointed Officials

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

FINANCIAL SECTION



CEDAR HILL

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill (the "City"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Cedar Hill, as of September 30, 2014 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, in March 2012, the GASB issued GASB Statement 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement were effective for the City's fiscal year ended September 30, 2014. The City has implemented this statement retroactively as of October 1, 2013, resulting in a restated net position of the Governmental Activities, Business Type Activities and the Water and Sewer Fund. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4-14, the Schedule of Pension Funding Progress – TMRS Plan, on page 65, the Schedule of Pension Funding Progress – Reserve Police Department Plan, on page 66, Other Post Employment Benefits Plan Analysis of Funding Progress, on page 67, and Budgetary Comparison Schedules – General Fund and Joe Pool fund, on pages 68-70, be presented to supplement the 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 and the introductory and statistical sections 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 and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 individual fund financial statements and schedules 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 June 22, 2015 on our consideration of the City of Cedar Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, slightly slanted style.

Crowe Horwath LLP

Dallas, Texas
June 22, 2015



CEDAR HILL
WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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, 2014. We encourage readers to consider the information presented here in conjunction with our letter of transmittal in the introductory section and the financial reports that follow in this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Cedar Hill exceeded its liabilities at the close of the fiscal year ended September 30, 2014, by \$157,247,285 (net position). Of this amount, \$22,006,797 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City of Cedar Hill's total net position increased by \$6,439,753.
- As of September 30, 2014, the City's governmental funds reported combined ending fund balances of \$82,491,118. \$74,663,310 of this fund balance is subject to various commitments such as construction projects. Approximately 9% of this amount, or \$7,827,808, is unassigned and available for use within the City's designation and policies.
- At the end of the fiscal year on September 30, 2014, unassigned fund balance for the general fund was \$7,835,891, or 27%, of the total general fund expenditures. The fund balance of the general fund decreased \$305,957.
- The Joe Pool Fund's fund balance increased by \$4,778,631, resulting from transfers from the Water and Sewer Fund of \$1,800,000 and General Fund of \$50,000 and interest earnings on investments of \$2,928,631. This fund is dedicated to accumulating resources to retire the amount due for the City's share of the water rights to Joe Pool Lake.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Cedar Hill's basic financial statements. The City of Cedar Hill's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

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

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

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

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

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

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

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

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

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

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

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

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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 is presented following the required supplemental information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net position may serve as a useful indicator of a government's financial position. The City of Cedar Hill's net position exceeded liabilities by \$157,247,285 as of September 30, 2014 as shown in the table below.

**Condensed Statement of Net Position
At September 30, 2014 and 2013**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | FY2014 | FY2013 | FY2014 | FY2013 | FY2014 | FY2013 |
| Current and other assets | \$ 90,573,701 | \$ 86,822,175 | \$ 18,597,082 | \$ 14,922,794 | \$ 109,170,783 | \$ 101,744,969 |
| Capital assets | 164,482,234 | 164,895,447 | 56,645,550 | 49,873,263 | 221,127,784 | 214,768,710 |
| Total assets | 255,055,935 | 251,717,622 | 75,242,632 | 64,796,057 | 330,298,567 | 316,513,679 |
| Deferred outflow of resources | 1,153,269 | 1,056,945 | 49,609 | 3,265 | 1,202,878 | 1,060,210 |
| Noncurrent liabilities | 152,024,889 | 150,701,559 | 16,670,422 | 10,741,551 | 168,695,311 | 161,443,110 |
| Other liabilities | 3,436,361 | 2,823,056 | 2,122,488 | 1,322,764 | 5,558,849 | 4,145,820 |
| Total liabilities | 155,461,250 | 153,524,615 | 18,792,910 | 12,064,315 | 174,254,160 | 165,588,930 |
| Net position: | | | | | | |
| Net investment in capital assets | | | | | | |
| of related debt | 75,753,514 | 74,150,379 | 45,470,833 | 45,615,944 | 121,224,347 | 119,766,323 |
| Restricted | 9,967,610 | 10,964,938 | 4,048,531 | 3,388,212 | 14,016,141 | 14,353,150 |
| Unrestricted | 15,026,830 | 14,134,635 | 6,979,967 | 3,730,851 | 22,006,797 | 17,865,486 |
| Total Net position | \$ 100,747,954 | \$ 99,249,952 | \$ 56,499,331 | \$ 52,735,007 | \$ 157,247,285 | \$ 151,984,959 |

The largest portion of the City's net position (77%) reflects its investment in capital assets (e.g., land, buildings, equipment, improvements, construction in progress, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

An additional portion of the City's net position (9%) represents resources that are subject to external restriction on how they may be utilized. The remaining balance of unrestricted net position (14%) may be used to meet the government's ongoing obligation to citizens and creditors.

Total net position of the City increased \$6,439,753, or 3.5%, in fiscal year 2014. Total net position of governmental activities increased by \$2,482,050 or 1.5%. The overall change in net position of governmental activities can be explained by evaluating the changes in governmental funds and then evaluating the conversion of the governmental funds from the modified accrual basis of accounting to the accrual basis of accounting used in governmental activities. Financial resources of governmental funds increased by \$2,515,939. This increase is the result of the changes in fund balance of the following funds: the General Fund declined \$305,957, the Debt Service Fund increased \$15,291, the Joe Pool Fund increased \$4,778,631, the General Obligation Bond Fund declined \$1,926,388, the Capital Recovery Fund declined \$980,593 and the nonmajor funds increased \$934,955. The decrease in the fund balance in the General Fund was primarily due to an increase in expenditures of 2% versus an increase in revenues of 1%. The decline in the General Obligation Bond Fund was due to expenditure of funds to construct capital assets outweighing the amount of revenue collected by the fund. The Non Major funds increased due to a significant increase in sales tax and hotel occupancy tax. The decline in the Capital Recovery Fund was the result of the budgeted transfer to the Debt Service Fund. Capital assets of the governmental activity funds declined \$413,213 due to depreciation exceeding assets obtained through construction and donation of assets. The liability for the Joe Pool water rights increased \$3,980,903 and changes in governmental long-term liabilities (excluding the Joe Pool liability) totaled a decline of \$2,657,573.

Total net position of business-type activities increased by \$3,957,703 or 8%. This increase is primarily due to a one time payment from another municipality as related to water payments owed to the City and verified by independent engineers and settled.

Analysis of the City's Operations—The following table provides a summary of the City's operations for the year ended September 30, 2014. The increase in net position for the governmental activities totaled \$2,482,050. Total revenues for these activities increased by \$4,905,488 compared to the previous year. Key impacts in governmental activities include property tax revenue slightly increased by \$49,782. Large decline for charges of services \$1,163,811. Sales and use tax increased by \$911,470 primarily due to increase in consumer spending. Capital grants and contributions provided by developers increased by \$2,390,722 to support capital projects. Investment earnings increased by \$2,811,309 primarily due to an increase in market value of investments in the Joe Pool Fund. Governmental activities expenditures increased by \$1,801,687 primarily due to an increase in public safety expenditures.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

The changes in net position for the year ended September 30, 2014 were as follows:

**Changes in Net Position
For the Years Ended September 30, 2014 and 2013**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|---------------|----------------|----------------|
| | FY2014 | FY2013 | FY2014 | FY2013 | FY2014 | FY2013 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 7,644,977 | \$ 8,808,788 | \$ 17,382,937 | \$ 17,209,452 | \$ 25,027,914 | \$ 26,018,240 |
| Operating grants/contributions | 1,740,421 | 2,024,725 | - | - | 1,740,421 | 2,024,725 |
| Capital grants/contributions | 5,186,398 | 2,795,676 | 631,981 | 692,880 | 5,818,379 | 3,488,556 |
| General revenues: | | | | | | |
| Sales and use taxes | 7,610,173 | 6,698,766 | - | - | 7,610,173 | 6,698,766 |
| Property taxes | 19,198,820 | 19,149,038 | - | - | 19,198,820 | 19,149,038 |
| Hotel/motel taxes | 213,130 | 190,302 | - | - | 213,130 | 190,302 |
| Franchise taxes | 3,603,799 | 3,354,340 | - | - | 3,603,799 | 3,354,340 |
| Investment earnings | 3,068,688 | 257,379 | 36,670 | 56,838 | 3,105,358 | 314,217 |
| Gain on disposal | 15,704 | 8,479 | - | - | 15,704 | 8,479 |
| Miscellaneous | 231,287 | 320,416 | 3,478,858 | 130,088 | 3,710,145 | 450,504 |
| Total revenues | 48,513,397 | 43,607,909 | 21,530,446 | 18,089,258 | 70,043,843 | 61,697,167 |
| Expenses: | | | | | | |
| General government | 6,048,611 | 5,899,317 | - | - | 6,048,611 | 5,899,317 |
| Public safety | 21,050,888 | 19,700,185 | - | - | 21,050,888 | 19,700,185 |
| Public works | 6,696,307 | 6,441,727 | - | - | 6,696,307 | 6,441,727 |
| Community services | 7,058,519 | 6,829,000 | - | - | 7,058,519 | 6,829,000 |
| Water and sewer | - | - | 15,772,743 | 15,491,378 | 15,772,743 | 15,491,378 |
| Interest and fiscal charges | 6,977,022 | 7,159,431 | - | - | 6,977,022 | 7,159,431 |
| Total expenses | 47,831,347 | 46,029,660 | 15,772,743 | 15,491,378 | 63,604,090 | 61,521,038 |
| Increase and decrease in net position before transfers | 682,050 | (2,421,751) | 5,757,703 | 2,597,880 | 6,439,753 | 176,129 |
| Transfers | 1,800,000 | 1,800,000 | (1,800,000) | (1,800,000) | - | - |
| Increase and decrease in net position | 2,482,050 | (621,751) | 3,957,703 | 797,880 | 6,439,753 | 176,129 |
| Net position—beginning, as restated | 98,265,904 | 99,871,703 | 52,541,628 | 51,937,127 | 150,807,532 | 151,808,830 |
| Net position—ending | \$ 100,747,954 | \$ 99,249,952 | \$ 56,499,331 | \$ 52,735,007 | \$ 157,247,285 | \$ 151,984,959 |

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$82,491,118. Approximately 9% or \$7,827,808 of this total amount constitutes unassigned fund balance which is available for any public use. Approximately 24% of the total fund balance or \$19,670,449 represent restricted fund balance and is constrained by creditors, grantors, contributors or laws and regulations. The committed fund balance of \$54,939,334 or 67% of fund balance has self-imposed limitations placed on its use by parties with the highest level of decision making within the City (the City Council). The remainder of the fund balance is considered non-spendable to indicate that it is not available for new spending because of its form and includes prepaid expenses and inventory.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

The General Fund expenditures and transfers exceeded revenues by \$305,957. The year-end fund balance totals 27% of actual expenditures, leaving the fund in a position which met the City's goal for fund balance.

The Debt Service Fund's fund balance increased slightly by \$15,291 resulting in the fund being above its 15% fund balance policy.

The Joe Pool Fund accounts for the resources accumulated to pay for the City's water rights in Joe Pool Lake as discussed in Note 6. The fund accumulated additional resources of \$4,778,631. \$1,850,000 of the increase was the result of transfers from the Water and Sewer Fund (\$1,800,000) and General Fund (\$50,000) with the remaining \$2,928,631 coming from investment earnings.

The General Obligation Bond Fund accounts for funds to construct streets and several building renovations. The fund received \$43,873 in investment earnings during the fiscal year and incurred expenditures of \$3,012,804 for capital projects.

The Capital Recovery Fund accounts for the street impact fees. The fund received \$363,742 in fees and \$21,418 in investment earnings during the fiscal year. The fund transferred a net amount of \$1,365,753 to the Debt Service Fund to assist in the payments of debt issued for qualifying street projects.

The fund balances of the nonmajor governmental funds increase by \$934,955. The primary reason for this increase is due to management's proactive approach of monitoring and prioritizing expenditures.

Proprietary Funds—The City has two proprietary funds, a water and sewer (enterprise) fund and an equipment (internal service) fund. The enterprise fund financial statements provide similar information found in the government-wide financial statements but includes more detail. Unrestricted net position of the enterprise fund were \$6,979,967. The internal service fund accounts for equipment purchased and leased to governmental funds and component units. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

General Fund Budgetary Highlights— Actual General Fund expenditures totaled \$29,527,914 or \$215,671 less than the \$29,743,585 budget. Expenditures represent 99% of the authorized budget. General Fund revenues totaled \$29,271,957 or \$342,832 above budget. The City had budgeted a reduction of Fund Balance of \$512,730, but management's proactive approach in monitoring revenues and expenditures resulted in actual decrease in fund balance of only \$305,957.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

CAPITAL ASSETS

The City's investment in capital assets for its government-wide activities as of September 30, 2014 amounts to \$221,127,784 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, improvements, construction-in-progress (CIP), water rights, master studies and infrastructure.

Major capital asset additions during the current fiscal year include the following:

| | |
|-----------------------------|-------------|
| Pleasant Run 4 | \$ 720,360 |
| Lake Ridge Parkway Phase II | \$1,025,049 |
| Beltline Phase II | \$1,094,713 |
| AMI Water Meter Project | \$5,702,808 |

Capital Assets as of September 30, 2014 and 2013
Net of Accumulated Depreciation

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | FY2014 | FY2013 | FY2014 | FY2013 | FY2014 | FY2013 |
| Land | \$ 15,673,083 | \$ 15,673,083 | \$ 367,764 | \$ 367,764 | \$ 16,040,847 | \$ 16,040,847 |
| Construction-in-progress (CIP) | 10,515,546 | 7,587,372 | 7,766,808 | 1,263,201 | 18,282,354 | 8,850,573 |
| Buildings/facilities and improvements | 40,025,032 | 38,692,681 | (22,031) | 1,070 | 40,003,001 | 38,693,751 |
| Water system | - | - | 31,275,340 | 31,115,598 | 31,275,340 | 31,115,598 |
| Sewer system | - | - | 16,802,201 | 16,530,391 | 16,802,201 | 16,530,391 |
| Equipment | 2,994,805 | 3,204,478 | 451,831 | 595,239 | 3,446,636 | 3,799,717 |
| Infrastructure | 85,213,144 | 89,164,421 | - | - | 85,213,144 | 89,164,421 |
| Water rights | 9,992,491 | 10,481,919 | - | - | 9,992,491 | 10,481,919 |
| Master studies | 68,133 | 91,493 | 3,637 | - | 71,770 | 91,493 |
| Total | \$ 164,482,234 | \$ 164,895,447 | \$ 56,645,550 | \$ 49,873,263 | \$ 221,127,784 | \$ 214,768,710 |

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

DEBT ADMINISTRATION

Debt—At the fiscal year-end of September 30, 2014, the City had \$54,190,000 in General Obligation Bonds and \$27,225,000 in Certificates of Obligations, along with \$6,575,000 in Water and Sewer Revenue Bonds outstanding. The general obligation bonds and \$16,590,000 of the certificates are pledged by and will be funded by future property tax receipts. The Economic Development Corporation has a contractual obligation to provide the funds for debt service for an additional \$10,635,000 of the certificates of obligations although future property tax receipts are the ultimate pledge for repayment of this debt.

The City of Cedar Hill, together with the Cities of Grand Prairie and Duncanville and the Midlothian Water District, executed a contract with the Trinity River Authority of Texas to purchase water conservatory rights from Joe Pool Lake. As of September 30, 2014, the City's 43.21% share of the contract amounted to a \$74,030,225 liability. The City has chosen to defer diverting water from the reservoir. As a result of this decision, the liability will accrue interest at 5.683%. The City has set aside funds since the 1995 fiscal year to pay this obligation.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

At September 30, 2014, the amount accumulated in the Joe Pool Fund for the retirement of this debt is \$51,305,636. The present plan is to set aside \$1,850,000 each year to allow full payment of the obligation within a maximum of fifty years.

Additional long-term obligations include compensated absences totaling \$4,284,062 for government activities, compensated absences totaling \$395,318 for business-type activities, an OPEB liability of \$263,876, Pension trust liability of \$43,600, a liability to a developer for utility line construction of \$24,608, and a lease liability of \$7,384.

Outstanding liabilities as of September 30, 2014 and 2013

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | FY2014 | FY2013 | FY2014 | FY2013 | FY2014 | FY2013 |
| General Obligation | \$ 51,239,000 | \$ 55,019,860 | \$ 2,951,000 | \$ 1,460,140 | \$ 54,190,000 | \$ 56,480,000 |
| Certificate of Obligation | 20,990,000 | 20,160,000 | 6,235,000 | - | 27,225,000 | 20,160,000 |
| Waterworks & Sewer System Revenue | - | - | 6,575,000 | 8,835,000 | 6,575,000 | 8,835,000 |
| Other Obligations | 74,030,225 | 70,049,322 | - | - | 74,030,225 | 70,049,322 |
| Unamortized premiums and discount (net) | 1,166,742 | 1,027,366 | 449,515 | 37,634 | 1,616,257 | 1,065,000 |
| Compensated absences | 4,284,062 | 4,107,358 | 395,318 | 359,988 | 4,679,380 | 4,467,346 |
| OPEB | 263,876 | 281,423 | 39,981 | - | 303,857 | 281,423 |
| Arbitrage | - | 1,527 | - | - | - | 1,527 |
| Police pension liability | 43,600 | 40,385 | - | - | 43,600 | 40,385 |
| Other long-term liabilities | 7,384 | 14,318 | 24,608 | 48,789 | 31,992 | 63,107 |
| Total | \$ 152,024,889 | \$ 150,701,559 | \$ 16,670,422 | \$ 10,741,551 | \$ 168,695,311 | \$ 161,443,110 |

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

| | <u>Standard & Poor's</u> | <u>Moody's Investor Services</u> |
|---------------------------|------------------------------|--------------------------------------|
| General obligation bonds | AA | Aa2 |
| Certificate of Obligation | AA | Aa2 |
| Waterworks & Sewer System | AA- | Aa2 |

Additional information on the City's long-term debt can be found in Note 7 to the basic financial statements.

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

COMPONENT UNITS

The City has two component units, each funded by a one-half cent sales tax. The Community Development Corporation (CDC) is a legally separate entity that develops and operates community recreational facilities. The CDC added a total of \$617,494 to construction in progress during the fiscal year. The CDC transferred \$2,788,594 of completed projects to the City in fiscal year 2015. The CDC's net position decreased by \$1,360,420 to \$7,516,845. This net position will be used in the future to develop additional recreational facilities. The CDC incurred \$5,481,389 in expenses and earned \$713,121 in program revenues, primarily for the operation of Cedar Hill Recreation Center and Valley Ridge Park. The Economic Development Corporation (EDC) is a legally separate entity that promotes (a) existing business enterprise expansion and retention and (b) new business enterprise development and attraction.

The EDC decreased its net position by \$1,546,755 to \$9,410,042 during the fiscal year. The corporation incurred \$4,124,152 in expenses during the fiscal year. The EDC made \$1,170,933 of contractually required payments to the City for debt service and incurred approximately \$2,913,703 in administrative costs.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cedar Hill is beginning to benefit from a recovering national and local economy as the City experienced its first annual increase in taxable values after seeing four consecutive years of declining valuations.

Valuation data released from the Dallas and Ellis County Appraisal Districts indicate taxable values increased approximately \$4.6 million, or .17% over the preceding year.

The general fund's largest single revenue source is property taxes, followed by sales taxes. The property tax rate for Fiscal Year 2014 increased to \$0.69876 cents from \$0.68569 per \$100 valuation, and this rate results in budgeted revenues of \$13,854,000 for the General Fund. This amount represents about 57 percent of all general fund operating revenues. General Fund property tax revenue for Fiscal Year 2014 is projected to increase by \$86,200 or .6% when compared to Fiscal Year 2013 budgeted revenues.

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

**CITY OF CEDAR HILL, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

REQUEST FOR INFORMATION

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

BASIC FINANCIAL STATEMENTS



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

EXHIBIT A-1

| | Primary Government | | | Component Units | |
|---|-------------------------|--------------------------|-----------------------|-----------------------------------|----------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Community Development Corporation | Economic Development Corporation |
| ASSETS | | | | | |
| Equity in pooled cash and cash equivalents | \$ 50,997,687 | \$ 7,401,248 | \$ 58,398,935 | \$ 7,102,922 | \$ 5,401,988 |
| Investments | 33,233,712 | - | 33,233,712 | - | 250,000 |
| Receivables (net of allowances for uncollectible): | | | | | |
| Taxes | 2,178,820 | - | 2,178,820 | 582,448 | 436,836 |
| Franchise taxes | 699,236 | - | 699,236 | - | - |
| Accounts | - | 2,489,045 | 2,489,045 | - | - |
| Miscellaneous | 2,842,781 | - | 2,842,781 | 10,115 | - |
| Interest | 230,076 | - | 230,076 | - | - |
| Inventory | 39,144 | - | 39,144 | - | - |
| Prepaid and other items | 14,383 | 55,095 | 69,478 | - | 33,184 |
| Restricted assets: | | | | | |
| Restricted for debt service: | | | | | |
| Equity in pooled cash and cash equivalents | - | 1,538,017 | 1,538,017 | 1,087 | - |
| Interest receivable | - | 1,212 | 1,212 | - | - |
| Restricted capital recovery fee funds—equity in pooled cash and investments | - | 1,593,552 | 1,593,552 | - | - |
| Restricted for deposits—equity in pooled cash and investments | - | 443,271 | 443,271 | - | - |
| Restricted pro rata funds—equity in pooled cash and investments | - | 24,864 | 24,864 | - | - |
| Restricted bond proceeds—equity in pooled cash and investments | - | 5,050,778 | 5,050,778 | - | - |
| Capital assets: | | | | | |
| Nondepreciable | 26,188,629 | 8,134,572 | 34,323,201 | 267,217 | 3,369,850 |
| Depreciable—net of accumulated depreciation | 138,293,605 | 48,510,978 | 186,804,583 | - | 164,129 |
| Other assets | 337,862 | - | 337,862 | - | - |
| TOTAL ASSETS | 255,055,935 | 75,242,632 | 330,298,567 | 7,963,789 | 9,655,987 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred loss on refunding | 1,153,269 | 49,609 | 1,202,878 | - | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 1,153,269 | 49,609 | 1,202,878 | - | - |
| LIABILITIES | | | | | |
| Accounts payable | 1,747,608 | 1,068,482 | 2,816,090 | 198,736 | 179,575 |
| Accrued liabilities | 1,337,986 | 122,444 | 1,460,430 | 57,335 | 14,051 |
| Unearned revenue | - | - | - | 71,903 | - |
| Customer deposits | - | 443,271 | 443,271 | 3,986 | - |
| Interest payable | 350,767 | 125,792 | 476,559 | - | - |
| Payable from restricted assets-current | - | 362,499 | 362,499 | - | - |
| Noncurrent liabilities: | | | | | |
| Due within one year | 7,412,515 | 1,000,243 | 8,412,758 | 65,742 | 21,785 |
| Due in more than one year | 144,612,374 | 15,670,179 | 160,282,553 | 49,242 | 30,534 |
| TOTAL LIABILITIES | 155,461,250 | 18,792,910 | 174,254,160 | 446,944 | 245,945 |
| NET POSITION | | | | | |
| Net investment in capital assets | 75,753,514 | 45,470,833 | 121,224,347 | 267,217 | 3,533,979 |
| Restricted for: | | | | | |
| Debt service | 1,560,272 | 2,454,979 | 4,015,251 | 1,087 | - |
| Construction | 6,286,639 | 1,593,552 | 7,880,191 | - | - |
| Animal shelter | 17,554 | - | 17,554 | - | - |
| Dispatch center | 337,862 | - | 337,862 | - | - |
| Other | 1,765,283 | - | 1,765,283 | - | - |
| Unrestricted | 15,026,830 | 6,979,967 | 22,006,797 | 7,248,541 | 5,876,063 |
| TOTAL NET POSITION | \$ 100,747,954 | \$ 56,499,331 | \$ 157,247,285 | \$ 7,516,845 | \$ 9,410,042 |

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, 2014**

| Functions/Programs | Expenses | Program Revenues | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT: | | | | |
| Governmental activities: | | | | |
| General government | \$ 6,048,611 | \$ 464,192 | \$ - | \$ - |
| Public safety | 21,050,888 | 4,096,762 | 34,715 | 6,211 |
| Public works | 6,696,307 | 366,992 | - | 2,391,593 |
| Community services | 7,058,519 | 2,717,031 | 76,204 | 2,788,594 |
| Interest and fiscal charges | 6,977,022 | - | 1,629,502 | - |
| Total governmental activities | 47,831,347 | 7,644,977 | 1,740,421 | 5,186,398 |
| BUSINESS-TYPE ACTIVITIES: | | | | |
| Water and sewer | 15,772,743 | 17,382,937 | - | 631,981 |
| Total business-type activities | 15,772,743 | 17,382,937 | - | 631,981 |
| TOTAL PRIMARY GOVERNMENT | \$ 63,604,090 | \$ 25,027,914 | \$ 1,740,421 | \$ 5,818,379 |
| COMPONENT UNITS: | | | | |
| Community Development Corporation | 5,481,389 | 713,121 | - | 3,142 |
| Economic Development Corporation | 4,124,152 | 12,225 | - | - |
| TOTAL COMPONENT UNITS | \$ 9,605,541 | \$ 725,346 | \$ - | \$ 3,142 |
| GENERAL REVENUES: | | | | |
| Taxes: | | | | |
| Sales taxes | | | | |
| Property taxes | | | | |
| Hotel/motel taxes | | | | |
| Franchise taxes | | | | |
| Investment earnings | | | | |
| Gain on disposal | | | | |
| Miscellaneous | | | | |
| TRANSFERS | | | | |
| Total general revenues and transfers | | | | |
| CHANGE IN NET POSITION | | | | |
| NET POSITION—Beginning, as restated | | | | |
| NET POSITION—Ending | | | | |

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

| Net (Expenses) Revenues and Changes in Net Position | | | | |
|---|--------------------------|-----------------|-----------------------|----------------------|
| Primary Government | | | Component Units | |
| Governmental Activities | Business-Type Activities | Total | Community Development | Economic Development |
| \$ (5,584,419) | \$ - | \$ (5,584,419) | \$ - | \$ - |
| (16,913,200) | - | (16,913,200) | - | - |
| (3,937,722) | - | (3,937,722) | - | - |
| (1,476,690) | - | (1,476,690) | - | - |
| (5,347,520) | - | (5,347,520) | - | - |
| (33,259,551) | - | (33,259,551) | - | - |
| - | 2,242,175 | 2,242,175 | - | - |
| - | 2,242,175 | 2,242,175 | - | - |
| \$ (33,259,551) | \$ 2,242,175 | \$ (31,017,376) | \$ - | \$ - |
| - | - | - | (4,765,126) | - |
| - | - | - | - | (4,111,927) |
| - | - | - | (4,765,126) | (4,111,927) |
| 7,610,173 | - | 7,610,173 | 3,377,627 | 2,533,220 |
| 19,198,820 | - | 19,198,820 | - | - |
| 213,130 | - | 213,130 | - | - |
| 3,603,799 | - | 3,603,799 | - | - |
| 3,068,688 | 36,670 | 3,105,358 | 21,068 | 21,355 |
| 15,704 | - | 15,704 | - | - |
| 231,287 | 3,478,858 | 3,710,145 | 6,011 | 10,597 |
| 1,800,000 | (1,800,000) | - | - | - |
| 35,741,601 | 1,715,528 | 37,457,129 | 3,404,706 | 2,565,172 |
| 2,482,050 | 3,957,703 | 6,439,753 | (1,360,420) | (1,546,755) |
| 98,265,904 | 52,541,628 | 150,807,532 | 8,877,265 | 10,956,797 |
| \$ 100,747,954 | \$ 56,499,331 | \$ 157,247,285 | \$ 7,516,845 | \$ 9,410,042 |

**CITY OF CEDAR HILL, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014**

| ASSETS | <u>General</u> | <u>Debt Service Fund</u> | <u>Joe Pool Fund</u> |
|---|-----------------------------|----------------------------------|-----------------------------|
| EQUITY IN POOLED CASH AND CASH EQUIVALENTS | \$ 8,065,219 | \$ 1,331,200 | \$ 17,844,003 |
| INVESTMENTS | - | - | 33,233,712 |
| RECEIVABLES (NET, WHERE APPLICABLE, OF ALLOWANCES FOR UNCOLLECTIBLES): | | | |
| Taxes | 1,819,525 | 230,402 | - |
| Franchise taxes | 674,328 | - | - |
| Miscellaneous | 902,144 | - | - |
| Interest | - | 283 | 227,921 |
| PREPAID ITEMS | 13,508 | - | - |
| INVENTORY | 39,144 | - | - |
| TOTAL ASSETS | <u>\$ 11,513,868</u> | <u>\$ 1,561,885</u> | <u>\$ 51,305,636</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES: | | | |
| Accounts payable | \$ 675,571 | \$ 1,613 | \$ - |
| Accrued liabilities | 1,237,079 | - | - |
| Total liabilities | <u>1,912,650</u> | <u>1,613</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue | 1,688,271 | 204,243 | - |
| Total deferred inflows of resources | <u>1,688,271</u> | <u>204,243</u> | <u>-</u> |
| FUND BALANCES: | | | |
| Nonspendable | | | |
| Prepaid and inventory | 52,652 | - | - |
| Restricted for: | | | |
| Construction | - | - | - |
| PID use | - | - | - |
| Tourism | - | - | - |
| Police | - | - | - |
| Debt service | - | 1,356,029 | - |
| Animal shelter | 24,404 | - | - |
| Committed for: | | | |
| Library | - | - | - |
| Landscaping | - | - | - |
| Construction | - | - | - |
| Building maintenance | - | - | - |
| Joe pool | - | - | 51,305,636 |
| Unassigned | 7,835,891 | - | - |
| Total fund balances | <u>7,912,947</u> | <u>1,356,029</u> | <u>51,305,636</u> |
| TOTAL | <u>\$ 11,513,868</u> | <u>\$ 1,561,885</u> | <u>\$ 51,305,636</u> |

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

EXHIBIT B-1

| <u>General Obligation Bond Fund</u> | <u>Capital Recovery Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|--------------------------------------|--|---|
| \$ 7,134,576 | \$ 5,373,444 | \$ 10,029,642 | \$ 49,778,084 |
| - | - | - | 33,233,712 |
| - | - | 128,893 | 2,178,820 |
| - | - | 24,908 | 699,236 |
| 1,527,708 | - | 412,929 | 2,842,781 |
| 745 | 448 | 564 | 229,961 |
| - | - | 875 | 14,383 |
| - | - | - | 39,144 |
| <u>\$ 8,663,029</u> | <u>\$ 5,373,892</u> | <u>\$ 10,597,811</u> | <u>\$ 89,016,121</u> |
| | | | |
| \$ 626,704 | \$ - | \$ 410,610 | \$ 1,714,498 |
| - | - | 100,907 | 1,337,986 |
| <u>626,704</u> | <u>-</u> | <u>511,517</u> | <u>3,052,484</u> |
| | | | |
| <u>1,527,708</u> | <u>-</u> | <u>52,297</u> | <u>3,472,519</u> |
| <u>1,527,708</u> | <u>-</u> | <u>52,297</u> | <u>3,472,519</u> |
| | | | |
| - | - | 875 | 53,527 |
| 6,508,617 | 5,373,892 | 4,778,337 | 16,660,846 |
| - | - | 270,267 | 270,267 |
| - | - | 750,883 | 750,883 |
| - | - | 608,020 | 608,020 |
| - | - | - | 1,356,029 |
| - | - | - | 24,404 |
| - | - | 135,238 | 135,238 |
| - | - | 1,092,406 | 1,092,406 |
| - | - | 1,577,647 | 1,577,647 |
| - | - | 828,407 | 828,407 |
| - | - | - | 51,305,636 |
| - | - | (8,083) | 7,827,808 |
| <u>6,508,617</u> | <u>5,373,892</u> | <u>10,033,997</u> | <u>82,491,118</u> |
| <u>\$ 8,663,029</u> | <u>\$ 5,373,892</u> | <u>\$ 10,597,811</u> | <u>\$ 89,016,121</u> |

**CITY OF CEDAR HILL, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

EXHIBIT B-2

| | |
|--|------------------------------|
| TOTAL FUND BALANCES—Governmental funds | \$ 82,491,118 |
| 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 \$2,337,706). | 164,482,234 |
| The regional dispatch center is not reported at the fund level. | 337,862 |
| Certain receivables are not available to pay for current-period expenditures and are therefore deferred in the funds. | 3,472,519 |
| Deferred outflows of resources-unamortized loss on refunding of bonds | 1,153,269 |
| Bond interest is not payable with current financial resources and is therefore not accrued at the fund level. | (350,767) |
| 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 | (51,239,000) |
| Certificates of obligation | (20,990,000) |
| Unamortized premiums | (1,166,742) |
| Compensated absences | (4,284,062) |
| OPEB liability | (263,876) |
| Police pension liability | (43,600) |
| Other obligation | (74,030,225) |
| Internal service fund capital lease liability | (7,384) |
| 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 and capital lease liability included above. | <u>1,186,608</u> |
| TOTAL NET POSITION—Governmental activities | <u>\$ 100,747,954</u> |



CEDAR HILL
WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | <u>General</u> | <u>Debt Service Fund</u> | <u>Joe Pool Fund</u> |
|--|---------------------|----------------------------------|--------------------------|
| REVENUES: | | | |
| Taxes | \$ 20,685,941 | \$ 5,004,061 | \$ - |
| Franchise taxes | 3,548,666 | - | - |
| License and permits | 738,332 | - | - |
| Intergovernmental | 40,926 | 1,629,502 | - |
| Charges for services | 2,921,594 | 90,642 | - |
| Fines and forfeitures | 878,707 | - | - |
| Investment earnings | 34,887 | 5,344 | 2,928,631 |
| Miscellaneous | 422,904 | - | - |
| Total revenues | <u>29,271,957</u> | <u>6,729,549</u> | <u>2,928,631</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 4,907,793 | - | - |
| Public works | 2,050,687 | - | - |
| Public safety | 18,899,914 | - | - |
| Community services | 3,656,449 | - | - |
| Debt service: | | | |
| Principal retirement | - | 5,225,860 | - |
| Interest and fiscal charges | - | 2,997,075 | - |
| Capital outlay | | | |
| Public works | - | - | - |
| Public safety | 13,071 | - | - |
| Community services | - | - | - |
| Total expenditures | <u>29,527,914</u> | <u>8,222,935</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(255,957)</u> | <u>(1,493,386)</u> | <u>2,928,631</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfer in | - | 1,365,753 | 1,850,000 |
| Transfer out | (50,000) | - | - |
| Premiums on issuance of debt | - | 327,369 | - |
| Issuance of refunding bonds | - | 7,430,000 | - |
| Payments to refunded bond escrow agent | - | (7,614,445) | - |
| Total other financing sources (uses) | <u>(50,000)</u> | <u>1,508,677</u> | <u>1,850,000</u> |
| CHANGE IN FUND BALANCES | (305,957) | 15,291 | 4,778,631 |
| FUND BALANCES—Beginning | <u>8,218,904</u> | <u>1,340,738</u> | <u>46,527,005</u> |
| FUND BALANCES—Ending | <u>\$ 7,912,947</u> | <u>\$ 1,356,029</u> | <u>\$ 51,305,636</u> |

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

EXHIBIT B-3

| <u>General Obligation Bond Fund</u> | <u>Capital Recovery Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|--------------------------------------|--|---|
| \$ - | \$ - | \$ 1,368,895 | \$ 27,058,897 |
| - | - | 88,806 | 3,637,472 |
| - | - | - | 738,332 |
| 863,885 | - | 22,320 | 2,556,633 |
| - | - | 2,003,559 | 5,015,795 |
| - | - | 510,301 | 1,389,008 |
| 43,873 | 21,418 | 30,148 | 3,064,301 |
| - | 363,742 | 23,412 | 810,058 |
| <u>907,758</u> | <u>385,160</u> | <u>4,047,441</u> | <u>44,270,496</u> |
| - | - | 10,075 | 4,917,868 |
| 144,044 | - | 377,436 | 2,572,167 |
| - | - | 1,251,656 | 20,151,570 |
| - | - | 2,384,265 | 6,040,714 |
| - | - | - | 5,225,860 |
| - | - | - | 2,997,075 |
| 2,868,760 | - | 53,851 | 2,922,611 |
| - | - | - | 13,071 |
| - | - | 454,328 | 454,328 |
| <u>3,012,804</u> | <u>-</u> | <u>4,531,611</u> | <u>45,295,264</u> |
| <u>(2,105,046)</u> | <u>385,160</u> | <u>(484,170)</u> | <u>(1,024,768)</u> |
| 178,658 | - | - | 3,394,411 |
| - | (1,365,753) | (729,241) | (2,144,994) |
| - | - | 83,366 | 410,735 |
| - | - | 2,065,000 | 9,495,000 |
| - | - | - | (7,614,445) |
| <u>178,658</u> | <u>(1,365,753)</u> | <u>1,419,125</u> | <u>3,540,707</u> |
| (1,926,388) | (980,593) | 934,955 | 2,515,939 |
| <u>8,435,005</u> | <u>6,354,485</u> | <u>9,099,042</u> | <u>79,975,179</u> |
| <u>\$ 6,508,617</u> | <u>\$ 5,373,892</u> | <u>\$ 10,033,997</u> | <u>\$ 82,491,118</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, 2014**

EXHIBIT B-4

| | |
|--|---------------------|
| NET CHANGE IN FUND BALANCES—Total governmental funds | \$ 2,515,939 |
| 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 \$623,179 of capital assets acquired by the internal service fund. | 3,390,010 |
| 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 \$680,077 in depreciation expense recorded in the internal service fund. | (6,534,922) |
| Governmental funds do not recognize assets contributed by developers. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense. | 2,788,594 |
| The net decrease in equity of the regional dispatch center joint venture is not reported at the fund level; however, it is reported at the government-wide level. | (125,087) |
| Change in the pension assets and liabilities are not reported at the fund level; however, they are reported at the government-wide level. | (3,215) |
| 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. | 28,308 |
| Additions to vacation and sick liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position. | (176,704) |
| Changes to OPEB liabilities are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position. | 17,547 |
| Current year bond proceeds are other financing sources in the fund financial statements but are shown as an increase in the liabilities in the government-wide financial statements. | (9,495,000) |
| Current year bond refundings are other financing uses in the fund financial statements but are shown as a decrease in the liabilities in the government-wide financial statements. | 7,614,445 |
| 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. | 5,225,860 |
| Change in water rights obligation are only reported at the government-wide level. | (3,980,903) |
| Premiums and discounts are recognized in the fund financial statements as other financing sources or uses, but they are amortized over the term of the bonds in the government-wide financial statements. | (410,735) |
| Amortization of bond premium and discounts amounts is not recognized in the governmental funds. The effect of recording current year's amortization is to increase net position. | 186,481 |
| 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. | (213,242) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 1,440,141 |
| Arbitrage liability is accrued in the government-wide financial statements but not at the fund level. This represents the change in the accrual during the period. | 1,527 |
| 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. | 213,006 |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | \$ 2,482,050 |

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

**CITY OF CEDAR HILL , TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

EXHIBIT C-1

| | Business-Type Activities Enterprise Funds Water and Sewer Fund | Governmental Activities Internal Service Funds |
|---|---|---|
| ASSETS: | | |
| Current assets: | | |
| Equity in pooled cash and cash equivalents | \$ 7,401,248 | \$ 1,219,603 |
| Receivables (net, where applicable, of allowances for uncollectibles): | | |
| Accounts | 2,489,045 | - |
| Prepaid expenses | 55,095 | - |
| Restricted assets: | | |
| Restricted for debt service: | | |
| Equity in pooled cash and cash equivalents | 1,538,017 | - |
| Interest Receivable | 1,212 | 115 |
| Restricted—customer deposits | 443,271 | - |
| Restricted—capital recovery fee funds—equity in pooled cash and cash equivalents | 1,593,552 | - |
| Restricted—pro rata funds—equity in pooled cash and cash equivalents | 24,864 | - |
| Restricted—bond proceeds—equity in pooled cash and cash equivalents | 5,050,778 | - |
| Total current assets | 18,597,082 | 1,219,718 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Nondepreciable | 8,134,572 | - |
| Depreciable—net of accumulated depreciation | 48,510,978 | 2,337,706 |
| Total noncurrent assets | 56,645,550 | 2,337,706 |
| Total assets | 75,242,632 | 3,557,424 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred loss on refunding | 49,609 | - |
| Total deferred outflows of resources | 49,609 | - |
| LIABILITIES: | | |
| Current liabilities: | | |
| Payable from current assets: | | |
| Accounts and contracts payable | 1,068,482 | 33,110 |
| Accrued liabilities | 122,444 | - |
| Other obligations-current | 24,608 | 7,384 |
| Compensated absences—current | 171,876 | - |
| Total payable from current assets | 1,387,410 | 40,494 |
| Payable from restricted assets: | | |
| Accounts and contracts payable | 11,120 | - |
| Accrued liabilities | 351,379 | - |
| Accrued interest | 125,792 | 359 |
| Customer deposits | 443,271 | - |
| General obligation bonds payable | 418,759 | - |
| Revenue bonds payable | 385,000 | - |
| Total payable from restricted assets | 1,735,321 | 359 |
| Total current liabilities | 3,122,731 | 40,853 |
| Noncurrent liabilities: | | |
| OPEB liability | 39,981 | - |
| Certificates of obligation bonds payable | 6,570,548 | - |
| General obligation bonds payable | 2,609,815 | - |
| Revenue bonds payable | 6,226,393 | - |
| Compensated absences | 223,442 | - |
| Total noncurrent liabilities | 15,670,179 | - |
| Total liabilities | 18,792,910 | 40,853 |
| NET POSITION: | | |
| Net investment in capital assets | 45,470,833 | 2,337,706 |
| Restricted for: | | |
| Debt service | 2,454,979 | - |
| Construction | 1,593,552 | - |
| Unrestricted | 6,979,967 | 1,178,865 |
| Total net position | \$ 56,499,331 | \$ 3,516,571 |

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

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT C-2

| | Business-Type Activities Enterprise Funds Water and Sewer Fund | Governmental Activities Internal Service Funds |
|---|---|---|
| OPERATING REVENUES: | | |
| Water sales | \$ 9,644,953 | \$ - |
| Sewer charges | 7,199,117 | - |
| Other charges | 538,867 | 502,434 |
| Total operating revenues | 17,382,937 | 502,434 |
| OPERATING EXPENSES: | | |
| Sewage treatment | 5,407,847 | - |
| Purchase of water | 3,285,903 | - |
| Personnel services | 2,657,186 | - |
| Depreciation | 1,516,535 | 680,077 |
| Gross receipts fee | 802,199 | - |
| Heat, light and power | 335,515 | - |
| Maintenance | 293,453 | - |
| Contractual services | 622,653 | - |
| Materials and supplies | 243,978 | 194,707 |
| Miscellaneous | 86,924 | - |
| Total operating expenses | 15,252,193 | 874,784 |
| OPERATING INCOME (LOSS) | 2,130,744 | (372,350) |
| NON-OPERATING REVENUES (EXPENSES): | | |
| Other non-operating revenue | 3,478,858 | 16,800 |
| Investment income | 36,670 | 2,860 |
| Interest and fiscal charges | (523,551) | - |
| Lease payment | - | (591) |
| Gain on retirement of assets | 3,001 | 15,704 |
| Total nonoperating revenue (expenses) | 2,994,978 | 34,773 |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | 5,125,722 | (337,577) |
| Contributions—tap fees and other | 222,002 | - |
| Contributions | 110,979 | - |
| Grants | 299,000 | - |
| Transfers in | - | 550,583 |
| Transfers out | (1,800,000) | - |
| Total contributions and transfers | (1,168,019) | 550,583 |
| CHANGE IN NET POSITION | 3,957,703 | 213,006 |
| NET POSITION—Beginning of year, as restated | 52,541,628 | 3,303,565 |
| NET POSITION—End of year | \$ 56,499,331 | \$ 3,516,571 |

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, 2014**

| | Business-Type Activities Enterprise Funds Water and Sewer Fund | Governmental Activities Internal Service Funds |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 18,195,022 | \$ 502,434 |
| Cash paid to suppliers | (10,479,746) | (163,228) |
| Cash paid to employees for services | (2,567,318) | - |
| Net cash provided by operations | 5,147,958 | 339,206 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Transfers (to) from other funds | (1,800,000) | 550,583 |
| Net cash provided by (used in) noncapital financing activities | (1,800,000) | 550,583 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (8,177,843) | (623,179) |
| Proceeds from sales of assets | 3,001 | 15,704 |
| Contributions - tap fees and other | 222,002 | - |
| Proceeds from bond issuance | 8,446,494 | - |
| Proceeds from water settlement | 3,478,858 | 16,800 |
| Grant proceeds | 299,000 | - |
| Lease payments | - | (6,934) |
| Interest paid on leased equipment | - | (928) |
| Principal paid on revenue bonds | (2,572,469) | - |
| Interest paid on revenue and general obligation bonds | (446,174) | - |
| Net cash provided by (used in) capital and related financing activities | 1,252,869 | (598,537) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest received | 35,458 | 2,745 |
| Net cash provided by investing activities | 35,458 | 2,745 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 4,636,285 | 293,997 |
| CASH AND CASH EQUIVALENTS—Beginning of year | 11,415,445 | 925,606 |
| CASH AND CASH EQUIVALENTS—End of year | \$ 16,051,730 | \$ 1,219,603 |

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

EXHIBIT C-3

| | Business-Type Activities Enterprise Funds Water and Sewer Fund | Governmental Activities Internal Service Funds |
|---|---|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income(loss) | \$ 2,130,744 | \$ (372,350) |
| Adjustments: | | |
| Depreciation expense | 1,516,535 | 680,077 |
| Provision for bad debt | 143,302 | - |
| Change in assets and liabilities: | | |
| Decrease in accounts receivable | 681,408 | - |
| Increase in prepaids | (54,880) | - |
| Increase in accounts payable | 325,137 | 31,479 |
| Increase in accrued liabilities | 367,207 | - |
| Decrease in other liabilities | (24,181) | - |
| Decrease in customer deposits | (12,625) | - |
| Increase in compensated absences | 35,330 | - |
| Total adjustments | 3,017,214 | 711,556 |
| NET CASH PROVIDED BY OPERATIONS | \$ 5,147,958 | \$ 339,206 |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | |
| Contributions of capital assets | \$ 110,979 | \$ - |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION | | |
| Equity in pooled cash and cash equivalents | \$ 7,401,248 | \$ 1,219,603 |
| Equity in pooled cash and cash equivalents restricted for debt | 1,538,017 | - |
| Restricted—customer deposits | 443,271 | - |
| Restricted—capital recovery fee funds—equity in pooled cash and investments | 1,593,552 | - |
| Restricted—pro rata funds—equity in pooled cash and cash equivalents | 24,864 | - |
| Restricted—bond proceeds—equity in pooled cash and cash equivalents | 5,050,778 | - |
| | \$ 16,051,730 | \$ 1,219,603 |

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014**

EXHIBIT D-1

| | <u>Pension Trust Fund</u> <u>Police Reserves</u> <u>Benefit Fund</u> |
|---|--|
| ASSETS: | |
| Cash | \$ 16,518 |
| Investments | <u>121,590</u> |
| Total assets | <u>138,108</u> |
| LIABILITIES: | |
| Accounts payable | <u>16,457</u> |
| Total liabilities | <u>16,457</u> |
| NET POSITION: | |
| Held in trust for pension benefits and other purposes | <u>121,651</u> |
| Total net position | <u>\$ 121,651</u> |

**CITY OF CEDAR HILL, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT D-2

| | <u>Pension Trust Fund Police Reserves Benefit Fund</u> |
|--|--|
| ADDITIONS: | |
| Contributions from employer | \$ 16,457 |
| Investment income | 4,563 |
| Total additions | <u>21,020</u> |
| DEDUCTIONS: | |
| Special services | 2,127 |
| Pension payments | 15,840 |
| Total deductions | <u>17,967</u> |
| NET INCREASE | 3,053 |
| NET POSITION HELD IN TRUST FOR PENSION BENEFITS—Beginning of year | <u>118,598</u> |
| NET POSITION HELD IN TRUST FOR PENSION BENEFITS—End of year | <u>\$ 121,651</u> |



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

The City reports the following major governmental funds:

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

The City reports the following major proprietary fund:

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

Additionally, the City reports the following funds:

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

D. Assets, Liabilities and Net Position or Equity

1. *Deposits and investments*

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

The City pools substantially all cash and investments except for separate cash and investment accounts which are maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments is included on the accompanying statement of net position and balance sheet under the caption "Equity in pooled cash and investments". Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers quoted market prices at September 30, 2014, 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, 2014.

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, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

4. *Restricted assets*

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

5. *Capital assets*

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

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

6. *Compensated absences*

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

An employee is eligible to accrue 96 hours of sick leave per year, accrued at a rate of 8 hours per month. Fire department employees are eligible to accrue sick leave at a rate of 12 hours per month. Unused sick leave may be accumulated from year-to-year to an unlimited total.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

6. *Compensated absences – Continued*

If an employee retires or resigns with two weeks notice and completes the remaining two weeks, the employee will be paid for unused sick time that has been earned through the last day of work, up to a maximum of 720 hours or 1,080 for firefighters.

7. *Long-term obligations*

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. With the exception of prepaid insurance costs, costs related to the issuance of debt are recognized as an expense in the period 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. *Fund equity*

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

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

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

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

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

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

8. *Fund equity – Continued*

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

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

9. *Other Restricted Net Position*

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

| | |
|-------------------------------------|---------------------|
| Police Forfeiture | \$ 79,809 |
| Hotel Occupancy | 751,758 |
| Library Fund | 135,238 |
| Traffic Safety | 384,191 |
| HP-PID | 58,862 |
| WO-PID | 211,405 |
| Crime Control & Prevention District | 144,020 |
| Total | <u>\$ 1,765,283</u> |

10. *New accounting standards*

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

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for periods beginning after December 15, 2012. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. In conjunction with the implementation of GASB 65, the net position, as previously reported in the government-wide statement of net position and the government wide statement of activities for the year ended September 30, 2013, has been restated as follows:

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

| | Government- wide Governmental Activities | Government- wide Business- type Activities | Water and Sewer Fund |
|---|---|---|---------------------------------|
| Beginning net position, previously reported | \$ 99,249,952 | \$ 52,735,007 | \$ 52,735,007 |
| Elimination, debt issuance costs | (984,048) | (193,379) | (193,379) |
| Beginning net position, restated | <u>\$ 98,265,904</u> | <u>\$ 52,541,628</u> | <u>\$ 52,541,628</u> |

GASB Statement No. 66 ("GASB 66"), Technical Corrections – 2012 – An Amendment to GASB Statement No. 10 and No. 62, resolved conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in the Pre-November 30, 1989 FASB and AICPA Pronouncements. Implementation of GASB 66 had no impact on the financial statements.

In June 2012, GASB issued GASB Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25, improved financial reporting by state and local government pension plans resulting from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions. GASB 67 primarily focused on improving the financial reporting of defined benefit pension plans and had very little impact on the financial reporting of defined contribution pension plans. Because GASB 67 focused on the financial reporting of the plan itself and not reporting by employers, implementation had no impact on the City.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* which will be effective for fiscal years beginning after June 15, 2013. Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. The City currently has no such guarantees, therefore implementation of this standard had no impact on the City.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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

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

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

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, and should be applied simultaneously with the provisions of GASB No. 68, which is effective for periods beginning after June 15, 2014. The objective of this statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities.

GASB Statement No. 72, Fair Value Measurement and Valuation. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015.

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 2. DEPOSITS AND INVESTMENTS

Included in the statement of net position and the statement of fiduciary net position are cash and investments totaling \$67,049,417.

| | Fair Value | Investment Maturities (in Years) | | | |
|---------------------------------|-----------------------|----------------------------------|-------------|-------------|----------------------|
| | | Less than 1 | 1-5 | 6-10 | More than 10 |
| City cash—cash | \$ 35,937,164 | \$ - | \$ - | \$ - | \$ - |
| Certificates of deposit | 24,053,756 | 24,053,756 | - | - | - |
| Investment pools | 7,058,497 | 7,058,497 | - | - | - |
| Total cash | 67,049,417 | 31,112,253 | - | - | - |
| City investments: | | | | | |
| Municipal bonds | 33,233,712 | - | - | - | 33,233,712 |
| Total investments | 33,233,712 | - | - | - | 33,233,712 |
| Total cash and investments—City | <u>\$ 100,283,129</u> | <u>\$ 31,112,253</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 33,233,712</u> |
| Pension trust: | | | | | |
| Cash | \$ 16,518 | | | | |
| Equities | 121,590 | 121,590 | - | - | - |
| | <u>\$ 138,108</u> | <u>\$ 121,590</u> | <u>\$ -</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 and cash on hand was \$67,049,417 and the bank balance was \$68,359,279. The bank balance was completely covered by federal depository insurance, other insurance or by collateral held by the City's agent in the City's name.

Custodial Credit Risk-Investments

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

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 2. DEPOSITS AND INVESTMENTS – CONTINUED

Credit Risk

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

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

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

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

**CITY OF CEDAR HILL, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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:

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

Investment in State Investment Pools

The City invested in TexSTAR Investment Pool. TexSTAR is administered by First Southwest Asset Management Company and JPMorgan Chase. TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. The fund is rated AAAM by Standard and Poor’s. TexStar operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexStar uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares. A complete copy of the TexStar Operating Procedures may be obtained by contacting TexStar Participant Services, 325 North St. Paul, Suite 800, Dallas, TX 75201.

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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 | \$ 5,401,988 | \$ - | \$ - | \$ - | \$ - |
| Certificate of deposit | 250,000 | - | 250,000 | - | - |
| | <u>5,651,988</u> | <u>-</u> | <u>250,000</u> | <u>-</u> | <u>-</u> |
| Total cash and investments— corporation | <u>\$ 5,651,988</u> | <u>\$ -</u> | <u>\$ 250,000</u> | <u>\$ -</u> | <u>\$ -</u> |

At year-end, the carrying amount of the EDC’s deposits and cash on hand was \$5,401,988 which is included in the City’s pooled cash 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 | \$ 7,103,897 | \$ - | \$ - | \$ - | \$ - |
| Corporation investments: | | | | | |
| Investment pools | 112 | 112 | - | - | - |
| Total investments | <u>112</u> | <u>112</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total cash and investments— corporation | <u>\$ 7,104,009</u> | <u>\$ 112</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

At year-end, the carrying amount of the CDC’s deposits and cash on hand was \$7,104,009 which is included in the City’s pooled cash 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, 2014**

NOTE 3. RECEIVABLES

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

| | General | Debt Service | Joe Pool | General Obligation Bond Fund | Water and Sewer | Capital Recovery Fund | Nonmajor and Other Funds | Total |
|-----------------------------------|---------------------|-------------------|-------------------|------------------------------------|---------------------|-----------------------------|--------------------------------|---------------------|
| Receivables | | | | | | | | |
| Taxes | \$ 1,819,525 | \$ 230,402 | \$ - | \$ - | \$ - | \$ - | \$ 128,893 | \$ 2,178,820 |
| Franchise | 674,328 | - | - | - | - | - | 24,908 | 699,236 |
| Accounts | - | - | - | - | 4,666,338 | 448 | - | 4,666,786 |
| Interest | - | 283 | 227,921 | 745 | 1,212 | - | 564 | 230,725 |
| Miscellaneous | 2,509,595 | - | - | 1,527,708 | - | - | 412,929 | 4,450,232 |
| Gross receivables | 5,003,448 | 230,685 | 227,921 | 1,528,453 | 4,667,550 | 448 | 567,294 | 12,225,799 |
| Less: allowance for uncollectible | (1,607,451) | - | - | - | (2,177,293) | - | - | (3,784,744) |
| Net total receivables | <u>\$ 3,395,997</u> | <u>\$ 230,685</u> | <u>\$ 227,921</u> | <u>\$ 1,528,453</u> | <u>\$ 2,490,257</u> | <u>\$ 448</u> | <u>\$ 567,294</u> | <u>\$ 8,441,055</u> |

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 was as follows:

Primary Government

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|-----------------------|---------------------|-----------------|-------------|-----------------------|
| Governmental activities: | | | | | |
| Capital assets—not being depreciated: | | | | | |
| Land | \$ 15,673,083 | \$ - | \$ - | \$ - | \$ 15,673,083 |
| Construction in progress | 7,587,372 | 3,390,010 | - | (461,836) | 10,515,546 |
| Total capital assets—not depreciated | 23,260,455 | 3,390,010 | - | (461,836) | 26,188,629 |
| Capital assets—being depreciated: | | | | | |
| Buildings/facilities | 54,779,050 | 2,788,597 | - | 411,437 | 57,979,084 |
| Equipment | 11,516,346 | 623,179 | (722,886) | - | 11,416,639 |
| Infrastructure | 140,800,833 | - | - | 50,399 | 140,851,232 |
| Water rights | 26,284,063 | - | - | - | 26,284,063 |
| Master studies | 367,526 | - | - | - | 367,526 |
| Total capital assets—being depreciated | 233,747,818 | 3,411,776 | (722,886) | 461,836 | 236,898,544 |
| Less accumulated depreciation for: | | | | | |
| Buildings/facilities | (16,086,369) | (1,985,139) | 117,456 | - | (17,954,052) |
| Equipment | (8,311,868) | (714,718) | 604,752 | - | (8,421,834) |
| Infrastructure | (51,636,412) | (4,001,676) | - | - | (55,638,088) |
| Water rights | (15,802,144) | (489,428) | - | - | (16,291,572) |
| Master studies | (276,033) | (23,360) | - | - | (299,393) |
| Total accumulated depreciation | (92,112,826) | (7,214,321) | 722,208 | - | (98,604,939) |
| Total capital assets—being depreciated—net | 141,634,992 | (3,802,545) | (678) | 461,836 | 138,293,605 |
| Governmental activities capital assets—net | <u>\$ 164,895,447</u> | <u>\$ (412,535)</u> | <u>\$ (678)</u> | <u>\$ -</u> | <u>\$ 164,482,234</u> |

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 4. CAPITAL ASSETS – CONTINUED

Primary Government – Continued

Internal service fund capital assets of \$2,337,706 are included in the governmental activities capital assets.

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|---------------------|-----------------|--------------------|----------------------|
| Business-type activities: | | | | | |
| Capital assets—not being depreciated: | | | | | |
| Land | \$ 367,764 | \$ - | \$ - | \$ - | \$ 367,764 |
| Construction in progress | 1,263,201 | 8,177,843 | - | (1,674,236) | 7,766,808 |
| Total capital assets—not depreciated | <u>1,630,965</u> | <u>8,177,843</u> | <u>-</u> | <u>(1,674,236)</u> | <u>8,134,572</u> |
| Capital assets being depreciated: | | | | | |
| Buildings/facilities | 578,513 | - | - | - | 578,513 |
| Water systems | 42,672,689 | 99,406 | - | 937,161 | 43,709,256 |
| Sewer systems | 23,404,433 | 11,573 | - | 733,375 | 24,149,381 |
| Equipment | 3,028,155 | - | (56,653) | - | 2,971,502 |
| Master studies | 172,544 | - | - | 3,700 | 176,244 |
| Total capital assets being depreciated | <u>69,856,334</u> | <u>110,979</u> | <u>(56,653)</u> | <u>1,674,236</u> | <u>71,584,896</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings/facilities | (577,443) | (23,101) | - | - | (600,544) |
| Water systems | (11,557,091) | (876,825) | - | - | (12,433,916) |
| Sewer systems | (6,874,042) | (473,138) | - | - | (7,347,180) |
| Equipment | (2,432,916) | (143,408) | 56,653 | - | (2,519,671) |
| Master studies | (172,544) | (63) | - | - | (172,607) |
| Total accumulated depreciation | <u>(21,614,036)</u> | <u>(1,516,535)</u> | <u>56,653</u> | <u>-</u> | <u>(23,073,918)</u> |
| Total capital assets—being depreciated—net | <u>48,242,298</u> | <u>(1,405,556)</u> | <u>-</u> | <u>-</u> | <u>48,510,978</u> |
| Business-type activities capital assets—net | <u>\$ 49,873,263</u> | <u>\$ 6,772,287</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 56,645,550</u> |

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

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 1,178,270 |
| Public safety | 339,315 |
| Community service | 895,031 |
| Public works | 4,121,628 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>680,077</u> |
| Total depreciation expense—governmental activities | <u>\$ 7,214,321</u> |
| Business-type activities—water and sewer | <u>\$ 1,516,535</u> |

Construction Commitments

The City has active construction projects as of September 30, 2014. The projects include street construction in areas of newly developed commercial areas and widening and construction on existing streets, developing city parks and construction of water and sewer facilities and pipelines. At year end, the City's commitments total \$10,203,788, of which \$8,801,072 has been spent to date, with a remaining commitment of \$1,402,716.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 4. CAPITAL ASSETS – CONTINUED

Discretely Presented Component Units

Activity for the Economic Development Corporation for the year ended September 30, 2014, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|---------------------|-------------|-------------|---------------------|
| Capital assets—not being depreciated: | | | | | |
| Land | \$ 1,727,161 | \$ 1,632,689 | \$ - | \$ - | \$ 3,359,850 |
| Construction in progress | 10,000 | - | - | - | 10,000 |
| Total capital assets- not being depreciated | <u>1,737,161</u> | <u>1,632,689</u> | <u>-</u> | <u>-</u> | <u>3,369,850</u> |
| Capital assets—being depreciated: | | | | | |
| Leasehold improvements | 227,009 | - | - | - | 227,009 |
| Improvements other than buildings | 85,962 | - | - | - | 85,962 |
| Total capital assets being depreciated | <u>312,971</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>312,971</u> |
| Less accumulated depreciation for: | | | | | |
| Leasehold improvements | (75,152) | (22,701) | - | - | (97,853) |
| Improvements other than buildings | (49,270) | (1,719) | - | - | (50,989) |
| Total accumulated depreciation | <u>(124,422)</u> | <u>(24,420)</u> | <u>-</u> | <u>-</u> | <u>(148,842)</u> |
| Total capital assets being depreciated—net | <u>188,549</u> | <u>(24,420)</u> | <u>-</u> | <u>-</u> | <u>164,129</u> |
| EDC Capital assets—net | <u>\$ 1,925,710</u> | <u>\$ 1,608,269</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,533,979</u> |

Activity for the Community Development Corporation for the year ended September 30, 2014, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---------------------------------------|----------------------|------------|----------------|-----------|-------------------|
| Capital assets—not being depreciated: | | | | | |
| Construction in progress | \$ 2,438,317 | \$ 617,494 | \$ (2,788,594) | \$ - | \$ 267,217 |

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, 2014**

NOTE 5. CAPITAL LEASES

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

The assets acquired through a capital lease are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|-------------------------------|------------------------------------|-------------------------------------|
| Assets | | |
| Equipment | \$ 30,566 | \$ 28,940 |
| Less accumulated depreciation | <u>(17,230)</u> | <u>(16,399)</u> |
| Total | <u>\$ 13,336</u> | <u>\$ 12,541</u> |

The future minimum lease obligation and the net present value of these minimum lease payments as of September 30, 2014 are as follows:

| <u>Year Ending September 30</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> |
|---|------------------------------------|-------------------------------------|
| 2015 | \$ <u>7,743</u> | \$ <u>7,214</u> |
| Total minimum future lease payments | 7,743 | 7,214 |
| Less: Amount representing interest | <u>(359)</u> | <u>(226)</u> |
| Present value of minimum lease payments | <u>\$ 7,384</u> | <u>\$ 6,988</u> |

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Transfers are used to a) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, b) to accumulate funds for the retirement of the Joe Pool liability, and c) to preserve adequate General Fund, fund balance and meet General Fund obligations. The transfer activity for the year ended September 30, 2014 is presented in the following schedule:

| Transfers to | Transfers From | | | |
|--------------------------|---------------------|-----------------------|---------------------|---------------------|
| | General Fund | Capital Recovery Fund | Enterprise Fund | Nonmajor Funds |
| Primary government: | | | | |
| Governmental activities: | | | | |
| Major funds: | | | | |
| Debt service fund | \$ 1,365,753 | \$ - | \$ 1,365,753 | \$ - |
| Joe Pool fund | 1,850,000 | 50,000 | - | 1,800,000 |
| Enterprise fund | - | | | - |
| General Obligation fund | 178,658 | | | 178,658 |
| Equipment fund | 550,583 | | | 550,583 |
| Total major funds | <u>3,944,994</u> | <u>50,000</u> | <u>1,365,753</u> | <u>1,800,000</u> |
| Total primary government | <u>\$ 3,944,994</u> | <u>\$ 50,000</u> | <u>\$ 1,365,753</u> | <u>\$ 1,800,000</u> |

The General Fund and the Water and Sewer Fund transfer funds to the Joe Pool Fund in order to accumulate resources to retire the liability resulting from the acquisition of rights to water conservation storage space. This liability is explained in Footnote 7, Other Obligations. The Capital Recovery Fund transferred funds to the Debt Service Fund for payment of debt service. The 2013 Certificates of Obligation Fund transferred funds to the General Obligation and the Equipment Fund to fund capital expenditures.

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, 2014

NOTE 7. LONG-TERM OBLIGATIONS

Changes in Long-Term Liabilities

The following is a summary of transactions affecting long-term liabilities for the year ended September 30, 2014:

| | October 1, 2013 | Increases | Retirements/ Refundings | September 30, 2014 | Due Within One Year |
|---|-----------------------|----------------------|----------------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 55,019,860 | \$ 7,430,000 | \$ (11,210,860) | \$ 51,239,000 | \$ 4,376,240 |
| Certificates of obligation | 20,160,000 | 2,065,000 | (1,235,000) | 20,990,000 | 1,265,000 |
| Other obligations | 70,049,322 | 3,980,903 | - | 74,030,225 | - |
| Total bonds payable | 145,229,182 | 13,475,903 | (12,445,860) | 146,259,225 | 5,641,240 |
| Unamortized premiums | 1,027,366 | 410,736 | (271,360) | 1,166,742 | - |
| Compensated absences | 4,107,358 | 1,940,572 | (1,763,868) | 4,284,062 | 1,763,891 |
| OPEB liability | 281,423 | 41,582 | (59,129) | 263,876 | - |
| Police pension liability | 40,385 | 3,215 | - | 43,600 | - |
| Arbitrage liability | 1,527 | - | (1,527) | - | - |
| Capital lease payable | 14,318 | - | (6,934) | 7,384 | 7,384 |
| Total governmental long-term liabilities | 150,701,559 | 15,872,008 | (14,548,678) | 152,024,889 | 7,412,515 |
| Business-type activities: | | | | | |
| Revenue bonds payable | 8,835,000 | - | (2,260,000) | 6,575,000 | 385,000 |
| General obligation bonds payable | 1,460,140 | 1,750,000 | (259,140) | 2,951,000 | 418,759 |
| Certificates of obligation bonds payable | - | 6,235,000 | - | 6,235,000 | - |
| Unamortized premiums | 41,614 | 461,495 | (53,594) | 449,515 | - |
| Unamortized discounts | (3,980) | - | 3,980 | - | - |
| Other long-term liabilities | 35,240 | - | (17,620) | 17,620 | 17,620 |
| Compensated absences | 359,988 | 207,206 | (171,876) | 395,318 | 171,876 |
| Capital lease payable | 13,549 | - | (6,561) | 6,988 | 6,988 |
| OPEB liability | - | 39,981 | - | 39,981 | - |
| Total business-type long-term liabilities | 10,741,551 | 8,693,682 | (2,764,811) | 16,670,422 | 1,000,243 |
| Total primary government long-term liabilities | \$ 161,443,110 | \$ 24,565,690 | \$ (17,313,489) | \$ 168,695,311 | \$ 8,412,758 |

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

| | October 1, 2013 | Increases | Retirements/ Refundings | September 30, 2014 |
|-----------------------------|--------------------|-----------|----------------------------|-----------------------|
| Deferred loss on refunding: | | | | |
| Government activities | (1,056,945) | (309,566) | 213,242 | (1,153,269) |
| Business-type activities | (3,265) | (53,329) | 6,985 | (49,609) |

CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED

General Long-Term Liabilities

General obligation bonds, certificates of obligation and revenue bonds outstanding at September 30, 2014, consist of the following individual issues:

| | Interest Rates | Balance September 30, 2014 |
|--|----------------|----------------------------------|
| General obligation bonds: | | |
| Governmental activities: | | |
| \$8,550,000 2005 General Obligation Refunding Bonds, due February 15, 2020 | 3.90%- 5.00% | 4,560,000 |
| \$12,200,000 2005 General Obligation Bonds, due February 15, 2025 | 4.00%- 4.5% | 565,000 |
| \$3,700,000 2006 General Obligation Bonds, due February 15, 2026 | 4.00%- 4.50% | 2,620,000 |
| \$2,300,000 2006A General Obligation Bonds, due February 15, 2026 | 4.00%- 4.50% | 1,540,000 |
| \$8,135,000 2007A General Obligation Bonds, due February 15, 2027 | 4.00%- 5.00% | 6,275,000 |
| \$7,500,000 2008 General Obligation Bonds, due February 15, 2028 | 3.375%-4.875% | 5,835,000 |
| \$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019 (Ending balance split between governmental activities of \$1,404,000 and business-type activities of \$1,206,000) | 2.81% | 1,404,000 |
| \$14,630,000 2011 General Obligation Refunding Bonds, due February 15, 2028 | 3.00%-5.00% | 12,600,000 |
| \$9,040,000 2012 General Obligation Refunding Bonds, due Feb.15,2029 | .2%-3% | 8,535,000 |
| \$4,670,000 2013 General Obligation Refunding Bonds, due Feb.15,2028 (Ending balance split between governmental activities of \$4,670,000 and business-type activities of \$1,280,000) | 2.00%-4.00% | 4,670,000 |
| \$3,140,000 2014 General Obligation Refunding Bonds, due Feb.15,2019 (Ending balance split between governmental activities of \$2,670,000 and business-type activities of \$470,000) | .360%-1.770% | 2,635,000 |
| Total governmental activities | | <u>51,239,000</u> |
| Business-type activities: | | |
| \$5,145,000 2009 General Obligation Refunding Bonds, due February 15, 2019 (Ending balance split between governmental activities of \$1,404,000 and business-type activities of \$1,206,000) | 2.81% | 1,206,000 |
| \$1,280,000 2013 General Obligation Refunding Bonds, due Feb.15,2024 (Ending balance split between governmental activities of \$4,670,000 and business-type activities of \$1,280,000) | 2.00%-4.00% | 1,280,000 |
| \$470,000 2014 General Obligation Refunding Bonds, due Feb.15,2017 (Ending balance split between governmental activities of \$2,670,000 and business-type activities of \$470,000) | .360%-1.770% | 465,000 |
| Total business-type activities | | <u>2,951,000</u> |
| Total general obligation bonds | | <u>\$ 54,190,000</u> |
| Certificate of obligation bonds: | | |
| Governmental activities: | | |
| \$12,890,000 2006 Certificates of Obligation, due February 15, 2026 | 4.00%-5.00% | 10,635,000 |
| \$2,275,000 2007 Certificates of Obligation, due February 15, 2027 | 4.00%-4.50% | 1,565,000 |
| \$8,590,000 2008 Certificates of Obligation, due February 15, 2028 | 4.00%-4.25% | 6,855,000 |
| \$2,065,000 2013 Certificates of Obligation, due February 15, 2022 | 2.00%-3.00% | 1,935,000 |
| Total governmental activities | | <u>20,990,000</u> |
| Business-type activities: | | |
| \$6,235,000 2014 Certificates of Obligation, due February 15, 2029 | 2.75%-3.75% | 6,235,000 |
| Total business-type activities | | <u>6,235,000</u> |
| Total certificate of obligation bonds | | <u>\$ 27,225,000</u> |
| Revenue bonds: | | |
| Business-type activities: | | |
| \$3,000,000 2006 Waterworks and Sewer System Revenue Bonds, due April 1, 2026 | 4.00%–4.60% | 2,090,000 |
| \$3,000,000 2007 Waterworks and Sewer System Revenue Bonds, due April 1, 2027 | 4.00%–5.00% | 2,190,000 |
| \$3,000,000 2008 Waterworks and Sewer System Revenue Bonds, due April 1, 2028 | 3.50%–5.00% | 2,295,000 |
| Total revenue bonds | | <u>\$ 6,575,000</u> |

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED

General Long-Term Liabilities – Continued

Annual requirements to amortize the long-term debt as of September 30, 2014, are as follows:

| Year Ending September 30 | Governmental Activities | | | | | |
|------------------------------|-----------------------------|----------------------|-------------------------------------|---------------------|----------------------|-----------------------|
| | General Obligation Bonds | | Certificates of Obligation Bonds | | Other Obligations | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | 4,376,240 | 1,747,276 | 1,265,000 | 879,779 | - | - |
| 2016 | 4,542,000 | 1,601,737 | 1,315,000 | 829,635 | - | - |
| 2017 | 4,675,450 | 1,467,260 | 1,365,000 | 776,610 | - | - |
| 2018 | 4,828,515 | 1,329,147 | 1,425,000 | 720,907 | - | - |
| 2019 | 4,676,795 | 1,178,297 | 1,485,000 | 661,986 | - | - |
| 2020-2024 | 20,020,000 | 3,587,093 | 8,455,000 | 2,266,688 | - | - |
| 2025-2029 | 8,120,000 | 627,728 | 5,680,000 | 400,479 | 74,030,225 | 365,382,528 |
| Total principal and interest | <u>\$ 51,239,000</u> | <u>\$ 11,538,538</u> | <u>\$ 20,990,000</u> | <u>\$ 6,536,084</u> | <u>\$ 74,030,225</u> | <u>\$ 365,382,528</u> |

| Year Ending September 30 | Business-Type Activities | | | | | |
|------------------------------|--------------------------|---------------------|--------------------------|-------------------|----------------------------------|---------------------|
| | Revenue Bonds | | General Obligation Bonds | | Certificates of Obligation Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$ 385,000 | \$ 284,760 | \$ 418,760 | \$ 71,457 | \$ - | \$ 288,622 |
| 2016 | 405,000 | 267,745 | 423,000 | 63,277 | - | 196,786 |
| 2017 | 425,000 | 249,589 | 434,550 | 54,422 | 395,000 | 190,863 |
| 2018 | 445,000 | 231,183 | 456,485 | 43,631 | 405,000 | 178,863 |
| 2019 | 460,000 | 212,508 | 283,205 | 33,766 | 420,000 | 166,487 |
| 2020-2024 | 2,610,000 | 738,029 | 935,000 | 80,925 | 2,310,000 | 614,882 |
| 2025-2028 | 1,845,000 | 144,696 | - | - | 2,705,000 | 219,169 |
| Total principal and interest | <u>\$ 6,575,000</u> | <u>\$ 2,128,510</u> | <u>\$ 2,951,000</u> | <u>\$ 347,478</u> | <u>\$ 6,235,000</u> | <u>\$ 1,855,672</u> |

Revenue Bond Compliance

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED

Debt Refunding

During the year ended September 30, 2014, the City issued \$6,040,000 General Obligation Refunding Bonds Series 2013 and \$3,140,000 General Obligation Refunding Bonds Series 2014. Net proceeds from the sale of the bonds totaled \$9,417,775. Of these proceeds, the entire amount was placed with an escrow agent to provide for all future debt payments of the refunded bonds.

This refunding resulted in a decrease in the City's debt service payments of \$668,011 which resulted in an economic gain (difference between the present value of debt service payments of the old debt and new debt) of \$564,560. As a result of this transaction, \$7,220,000 of general obligation bonds and \$1,750,000 of revenue bonds were refunded and are considered legally defeased, and are no longer included as liabilities in the City's basic financial statements. The total amount of debt that has been defeased in current and prior years that is still outstanding is from the Series 2005 General Obligation. The outstanding amount as of September 30, 2014 is \$7,220,000.

Other Obligations

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

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

The City's portion of the original contractual liability, as amended, amounted to \$26,284,063 and bears interest at 5.683%. According to the contract terms, each annual payment is to be made in 12 equal installments, each due and payable on or before the tenth day of the month. All payments, if not paid when due, bear interest at 5.683% per annum, if no water was diverted by that date. The City accrued an amount of \$3,980,903 for the interest accrued and not paid for the year ended September 30, 2014, which increased the long-term debt liability to the current balance of \$74,030,225. As allowed by the agreement, the City opted not to make payments but is accruing interest until the liability is paid. The City has set aside funds and has plans to pay off the liability by 2046.

Other obligations consist of a contractual liability to a developer for participation in the construction of water and sewer lines. Annual payments of \$17,620 are due until the obligation is paid. At September 30, 2014, the City owed the developer \$17,620.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED

Component Units

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

| | Balance October 1, 2013 | Increases | Retirements | Balance September 30, 2014 | Due Within One Year |
|-----------------------------|-------------------------------|-------------------|---------------------|----------------------------------|------------------------|
| Governmental activities: | | | | | |
| Sales Tax Revenue Bonds | \$ 270,000 | \$ - | \$ (270,000) | \$ - | \$ - |
| Unamortized premiums | 74 | - | (74) | - | - |
| Compensated absences | 89,431 | 63,753 | (65,742) | 87,442 | 65,742 |
| OPEB liability | - | 27,542 | - | 27,542 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total long-term liabilities | <u>\$ 359,505</u> | <u>\$ 91,295</u> | <u>\$ (335,816)</u> | <u>\$ 114,984</u> | <u>\$ 65,742</u> |

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

| | Balance October 1, 2013 | Increases | Retirements | Balance September 30, 2014 | Due Within One Year |
|----------------------|-------------------------------|-------------------|--------------------|----------------------------------|------------------------|
| Compensated absences | \$ 37,223 | \$ 34,216 | \$ (21,785) | \$ 49,654 | \$ 21,785 |
| OPEB liability | - | 2,665 | - | 2,665 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | <u>\$ 37,223</u> | <u>\$ 36,881</u> | <u>\$ (21,785)</u> | <u>\$ 52,319</u> | <u>\$ 21,785</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.

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 7. LONG-TERM OBLIGATIONS – CONTINUED

Cedar Hill Industrial Development Corporation

The Cedar Hill Industrial Development Corporation (CHIDC) was organized in December 1979 by the City under the Development Corporation Act of 1979. CHIDC issues tax-exempt revenue bonds for the development of local industry to secure the advantages of balanced and increased employment and an improved economic position, and to provide for a broader tax base. The City Council appoints the Board of Directors of CHIDC. The CHIDC does not have assets, liabilities, revenues, expenditures, or conduit debt as of September 30, 2014, to be included as a component unit.

NOTE 8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and other natural disasters. During fiscal year 2014, the City purchased general liability, property and workers' compensation insurance coverage from Texas Municipal League Risk Pool (TML). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain risk of losses. There was no change in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 9. COMMITMENTS AND CONTINGENCIES

Trinity River Authority of Texas

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

| | |
|--|---------------------|
| Regular monthly expenses for October 1, 2013 to September 30, 2014 | \$ 6,077,128 |
| TRA adjustment for prior-year settlement | <u>(608,694)</u> |
| Sewage treatment and water system facility expenses | <u>\$ 5,468,434</u> |

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 9. COMMITMENTS AND CONTINGENCIES – CONTINUED

State and Federal Programs

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

Other Contingencies

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

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Plan Descriptions

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 858 administered by TMRS, an agent multiple-employer public employee retirement system. Each of the municipalities has an annual, individual actuarial valuation performed. All assumptions for the December 31, 2013, valuations are contained in the 2013 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing P.O. Box 149153, Austin, Texas 78714-9153.

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Plan Descriptions – Continued

Members can retire at ages 60 and above with five or more years of service or with 20 years of service regardless of age. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Plan provisions for the City were as follows (as of December 31, 2013)

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

Contributions

The contribution rate for an employee is 7%, and the City matching ratio is currently 2 to 1, as adopted by the City Council. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which is the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. (i.e. December 31, 2013 valuation is effective for the rates beginning January 2015).

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Annual Pension Costs

Contributions by the City were \$2,299,513 or 12.99% of the covered payroll of \$17,701,812 as required by the actuarial valuation. Plan participants contributed \$1,218,214. The total fiscal year 2014 payroll was \$18,202,834. Annual City pension cost and related information for the last three years is as follows:

| <u>Actuarial Information</u> | <u>FY 2011-2012 12/31/2011</u> | <u>FY 2012-2013 12/31/2012</u> | <u>FY 2012-2014 12/31/2013</u> | | |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Actuarial cost method | Projected Unit Credit | Projected Unit Credit | Entry Age Normal | | |
| Amortization method | Level % | Level % | Level % | | |
| Amortization period | 26.3 years-closed period | 25.4 years-closed period | 27.0 years-closed period | | |
| Asset valuation method | 10-year Smoothed Market | 10-year Smoothed Market | 10-year Smoothed Market | | |
| Assumptions | | | | | |
| Investment return | 7.0% | 7.0% | 7.0% | | |
| Projected salary increases | varies by age and service | varies by age and service | varies by age and service | | |
| Inflation | 3.0% | 3.0% | 3.0% | | |
| Cost-of-living adjustment | 2.1% (3.0% CPI) | 1.5% (3.0% CPI) | 1.5% (3.0% CPI) | | |
| City specific assumptions | | | | | |
| Payroll growth assumption | 3.0% | 3.0% | 3.0% | | |
| Withdrawal rates for male/female (low, mid/low, mid, mid/high or high) | Mid-Low/Mid | Mid-Low/Mid | Mid-Low/Mid | | |
| <u>Schedule of Funding Information</u> | | | | | |
| Actuarial valuation date | <u>FY 2009-2010 12/31/2009</u> | <u>FY 2010-2011 12/31/2010</u> | <u>FY 2011-2012 12/31/2011</u> | <u>FY 2012-2013 12/31/2012</u> | <u>FY 2013-2014 12/31/2013</u> |
| Actuarial value of assets | \$31,571,105 | \$46,695,631 | \$51,899,146 | \$57,762,576 | \$63,423,573 |
| Actuarial accrued liability | \$47,566,744 | \$62,239,252 | \$66,396,210 | \$67,175,175 | \$75,717,489 |
| Unfunded (over-funded) actuarial | | | | | |
| Accrued liability (UAAL) | \$15,995,639 | \$15,543,621 | \$14,497,064 | \$9,412,599 | \$12,293,916 |
| Funded ratio | 66.4% | 75.0% | 78.2% | 86.0% | 83.8% |
| Annual covered payroll | \$17,131,245 | \$17,883,868 | \$16,718,591 | \$17,212,541 | \$17,701,812 |
| UAAL as a percentage of covered payroll | 93.4% | 86.9% | 86.7% | 54.7% | 69.5% |

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Annual Pension Costs

The City’s net pension obligation (NPO) for TMRS at December 31, 2013, 2012 and 2011 is calculated as follows:

| | December 31 | | |
|---|----------------------|----------------------|----------------------|
| | FY 2011-2012 2011 | FY 2012-2013 2012 | FY 2013-2014 2013 |
| Actuarial valuation date: | | | |
| NPO, beginning of the year | \$ - | \$ - | \$ - |
| Annual pension cost: | | | |
| Annual required contribution (ARC) | 3,607,237 | 3,486,545 | 3,546,384 |
| Contributions made | (3,607,237) | (3,486,545) | (3,546,384) |
| Percentage of pension costs contributed | 100% | 100% | 100% |
| NPO, end of the year | <u>\$ -</u> | <u>\$ -</u> | <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, 2014, 2013, and 2012, were \$28,657, \$23,861, and \$29,680, 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, 2014**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Supplemental Death Benefit Fund – Continued

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

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

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

Reserve Police Department Defined Benefit Plan

The City provides pension benefits to its volunteer police reserves upon retirement. The City Council establishes plan provisions, is authorized to amend them and acts as the plan administrator. The plan became effective October 1, 1993. Police reserves do not receive a salary, and therefore, there is no covered payroll related to the plan. Police reserves are eligible to participate in the plan if they are at least 15 years old and provided the City with 192 hours of volunteer service per year as a police reserve. Under the plan, the normal retirement age is 55 with ten years of service required. Service is measured by years of service. The reserve officers are not required to contribute to the plan. The normal retirement pension payable to a retirement participant is \$144 per month with a guaranteed minimum of 120 months. Participants are 100% vested with a minimum of ten years of vesting service. A year of vesting is credited for each year during which the participant is credited with 192 hours of service. As of September 30, 2014, the City had one active member of the plan and nine retirees receiving benefits. The actuarial assumptions included 1) actuarial cost method – projected unit credit, 2) inflation rate – no inflation rate, 3) investment return – 5%, 4) projected salary increases – none (plan participants are volunteers and receive no salary), and 5) post-retirement benefit increases – none. The plan is a single employer defined benefit plan. The plan does not prepare a separate, audited pension plan report.

The financial statements of the plan are prepared using the accrual basis of accounting. The City's contributions are recognized when due and a formal commitment to provide contributions is made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial method used for valuing assets of the pension plan is market value. The Plan's unfunded actuarial liability is being amortized using the level dollar closed method over a period of 5 years. All plan investments are reported at fair value. Plan administration fees are funded by the City through an annual contribution. The City obtains an actuarial study every other year for this plan, and as a result trend information has been presented only for the period through the last study, (October 1, 2013).

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Reserve Police Department Defined Benefit Plan – Continued

| Actuarial Valuation Date | 2010 | 2011 | 2012 | 2013 | 2014 |
|--|------------------|------------------|------------------|------------------|------------------|
| Annual required contribution(ARC) | \$ 17,581 | \$ 20,314 | \$ 15,986 | \$ 16,350 | \$ 16,350 |
| Interest on NPO | 187 | 536 | 910 | 925 | 1,615 |
| Adjustment to the ARC | | | 992 | (992) | (15) |
| Annual pension cost | 17,768 | 20,850 | 17,888 | 16,283 | 17,950 |
| Contributions made | (10,000) | (10,000) | (16,550) | - | (14,750) |
| Increase (decrease) in net pension obligation(NPO)/asset (NPA) | 7,768 | 10,850 | 1,338 | 16,283 | 3,200 |
| NPO (NPA) beginning of period | 4,146 | 11,914 | 22,764 | 24,102 | 40,385 |
| NPO (NPA) at the end of the period | <u>\$ 11,914</u> | <u>\$ 22,764</u> | <u>\$ 24,102</u> | <u>\$ 40,385</u> | <u>\$ 43,585</u> |
| Percentage of annual pension costs contributed | 56% | 48% | 93% | 0% | 82% |

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

| Actuarial Valuation Date | October 1, 2013 |
|---|--------------------|
| Actuarial value of assets | \$ 103,819 |
| Actuarial accrued liability | 205,879 |
| Percentage funded | 50.4% |
| Unfunded actuarial accrued liability (UAAL) | 102,060 |
| Annual covered payroll | N/A |
| UAAL as a percentage of covered payroll | N/A |

The net pension asset at September 30, 2014, is calculated as follows:

| | |
|--|------------------|
| Annual required contribution (ARC) | \$ 16,350 |
| Interest on prior year's net pension asset | 1,615 |
| Adjustment to the ARC | <u>(15)</u> |
| Annual pension cost | 17,950 |
| Contributions made | 14,750 |
| Increase in net pension asset | <u>3,200</u> |
| Net pension liability—beginning of year | <u>40,385</u> |
| Net pension liability—end of year | <u>\$ 43,585</u> |

**CITY OF CEDAR HILL, TEXAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 10. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS – CONTINUED

Reserve Police Department Defined Benefit Plan – Continued

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

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

NOTE 11. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

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

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

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

As of September 30, 2014, membership consisted of:

| | |
|--|-------------------|
| Retirees and beneficiaries receiving benefits | 9 |
| Terminated employees eligible for benefits, but not yet enrolled | 0 |
| Active employees | <u>292</u> |
| Total | <u><u>301</u></u> |

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

C. Funding Policy

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving medical benefits contribute \$610 per month for retiree-only coverage, \$940 for employee and children, \$1,075 per month for retiree and spouse and \$1,110 per month for retiree and family. The City is currently funding the OPEB liability on a pay-as-you-go basis. This basis has been recommended since 1) this provides the lowest cost approach and 2) the ARC is relatively small in comparison to the City's overall budget.

D. Annual OPEB Cost

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

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|-------------------|-------------------|-------------------|
| Annual required contribution | \$ 110,904 | \$ 95,388 | \$ 98,250 |
| Interest on prior year net OPEB obligation | 9,088 | 10,192 | 12,664 |
| Adjustment to annual required contribution | <u>(8,420)</u> | <u>(9,442)</u> | <u>(11,733)</u> |
| Annual OPEB cost | 111,572 | 96,138 | 99,181 |
| Contributions made | <u>87,046</u> | <u>41,193</u> | <u>46,539</u> |
| Increase in net OPEB obligation | 24,526 | 54,945 | 52,642 |
| Net Obligation - beginning of year | <u>201,952</u> | <u>226,478</u> | <u>281,423</u> |
| Net Obligation - end of year | <u>\$ 226,478</u> | <u>\$ 281,423</u> | <u>\$ 334,065</u> |
| Percentage of OPEB costs contributed | 78% | 43% | 47% |

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 11. OTHER POST EMPLOYMENT BENEFITS – CONTINUED

D. Annual OPEB Cost – Continued

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

| | |
|--|-------------------|
| Actuarial accrued liability | \$ 848,583 |
| Actuarial value of plan assets | <u>-</u> |
| Unfunded actuarial accrued liability | <u>\$ 848,583</u> |
| Funded ratio | 0.0% |
| Covered payroll | 17,701,812 |
| Unfunded actuarial accrued liability as a percentage of covered payroll | 4.8% |

E. Actuarial Methods and Assumptions

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

In the December 31, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.50% initially, reduced by decrements to an ultimate rate of 4.50% after ten years. The rate of inflation is assumed to be 3.00%. The amortization method used was level percentage of active member payroll. The amortization period is 30 years using an open basis.

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

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

**CITY OF CEDAR HILL, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

NOTE 12. REGIONAL DISPATCH CENTER

The City entered into an annually renewable Interlocal Cooperation agreement with the Cities of DeSoto and Duncanville (participating cities) on August 10, 1999, to establish a Regional Public Safety Dispatch and Alarm Monitoring Facility (the Center). The Center provides police, fire and emergency medical service communications to participating cities. The Center's Management Committee is comprised of each of the participating cities' City Manager or their designee. During the fiscal year 2014, the City contributed \$887,665 to the operations of the Center, which is accounted for in the general fund.

The City has a one-third share in the equity of the Center, which is included in the government-wide statement of net position as other assets. At September 30, 2014, the City's investment in the Center is \$337,862. The financial statements of the Center can be obtained by contacting: City of DeSoto Finance Department, 211 E. Pleasant Run Rd., DeSoto, TX 75115.

NOTE 13. REGIONAL ANIMAL CONTROL SHELTER

The City entered into an Interlocal Cooperation Agreement with the Cities of DeSoto and Duncanville on September 3, 1991 to establish a Regional Animal Control Shelter facility ("the facility"). The facility's Management Committee is comprised of each of the participating cities' City Manager or their designee. The City owns a one-third (1/3) share of the facility and is reflected in capital assets. In January 2008, the City issued, in its name, \$2,040,000 of bonds to finance the construction of a new animal control shelter. Combined principal and interest of the obligation totaled \$3,064,113. Although, the entire outstanding principal is reflected in the City's financials, the City of Duncanville and the City of Desoto are each committed to pay one third of that total debt or \$1,021,371 over twenty years starting in fiscal year 2009. The total outstanding debt service commitment from all three entities as of September 30, 2014 is \$2,132,187. The financial statements of the facility can be obtained by contacting: City of Cedar Hill Finance Department, P.O. Box 96, Cedar Hill, TX 75106-0096.

NOTE 14. SUBSEQUENT EVENTS

The city has evaluated all events or transaction that occurred after September 30, 2014 up through June 22, 2015, the date the financial statements were available to be issued and concludes there are not subsequent events requiring recognition or disclosure.



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CEDAR HILL, TEXAS
SCHEDULE OF PENSION FUNDING PROGRESS – TMRS PLAN (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT E-1

| Actuarial Valuation Date | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---------------|---------------|---------------|---------------|---------------|
| Actuarial value of assets | \$ 46,695,631 | \$ 51,899,146 | \$ 57,762,576 | \$ 63,423,573 | \$ 63,423,573 |
| Actuarial accrued liability | 62,239,252 | 66,396,210 | 67,175,175 | 75,717,489 | 75,717,489 |
| Percentage funded | 75.0% | 78.2% | 86.0% | 83.8% | 83.8% |
| Unfunded actuarial accrued liability (UAAL) | 15,543,621 | 14,497,064 | 9,412,599 | 12,293,916 | 12,293,916 |
| Annual covered payroll | 17,883,868 | 16,718,591 | 17,212,541 | 17,701,812 | 17,701,812 |
| UAAL as a percentage of covered payroll | 86.9% | 86.7% | 54.7% | 69.5% | 69.5% |

**CITY OF CEDAR HILL, TEXAS
SCHEDULE OF PENSION FUNDING PROGRESS –
RESERVE POLICE DEPARTMENT PLAN (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT E-2

| Actuarial Valuation Date | October 1, | | | | |
|---|------------|-----------|------------|------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Actuarial value of assets | \$ 102,692 | \$ 83,232 | \$ 112,183 | \$ 103,819 | \$ 103,819 |
| Actuarial accrued liability | 210,956 | 208,324 | 211,968 | 205,879 | 205,879 |
| Percentage funded | 48.7% | 40.0% | 52.9% | 50.4% | 50.4% |
| Unfunded actuarial accrued liability (UAAL) | 108,264 | 125,092 | 99,785 | 102,060 | 102,060 |
| Annual covered payroll | N/A | N/A | N/A | N/A | N/A |
| UAAL as a percentage of covered payroll | N/A | N/A | N/A | N/A | N/A |
| Annual required contribution (ARC) | 17,581 | 20,314 | 15,896 | 16,350 | 16,350 |
| Employer's contribution | \$ 10,000 | \$ 10,000 | \$ 16,550 | \$ - | \$ - |
| Percentage of ARC contributed | 57% | 49% | 104% | 0% | 0% |

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

EXHIBIT E-3

| Fiscal Year | (1) Actuarial Value * of Assets | (2) Actuarial Accrued Liability | (3) Percentage Funded (1) / (2) | (4) Unfunded Actuarial Accrued Liability (2)-(1) | (5) Annual Covered Payroll | Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll (4) / (5) |
|--------------------|--|--|--|---|---|--|
| 2009 | - | \$ 1,078,762 | 0.00% | \$ 1,078,762 | \$ 16,764,181 | 6.4% |
| 2010 | - | \$ 1,078,762 | 0.00% | \$ 1,078,762 | \$ 17,131,245 | 6.3% |
| 2011 | - | \$ 931,907 | 0.00% | \$ 931,907 | \$ 17,883,868 | 5.2% |
| 2012 | - | \$ 931,907 | 0.00% | \$ 931,907 | \$ 16,718,591 | 5.6% |
| 2013 | - | \$ 848,853 | 0.00% | \$ 848,853 | \$ 17,212,541 | 4.9% |
| 2014 | - | \$ 848,853 | 0.00% | \$ 848,853 | \$ 17,701,812 | 4.8% |

*As of December 31, 2012, the date of the actuarial valuation

See accompanying independent auditor's report

CITY OF CEDAR HILL, TEXAS
GENERAL FUND

EXHIBIT E-4

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | Budgeted Amounts | | Actual Amount | Variance with Final Budget - Positive (Negative) |
|--|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 20,782,535 | \$ 20,782,535 | \$ 20,685,941 | \$ (96,594) |
| Franchise fees | 3,404,160 | 3,404,160 | 3,548,666 | 144,506 |
| Licenses and permits | 590,500 | 590,500 | 738,332 | 147,832 |
| Intergovernmental | 205,230 | 205,230 | 40,926 | (164,304) |
| Charges for services | 2,727,070 | 2,727,070 | 2,921,594 | 194,524 |
| Fines and forfeitures | 934,680 | 934,680 | 878,707 | (55,973) |
| Investment earnings | 40,650 | 40,650 | 34,887 | (5,763) |
| Miscellaneous | 244,300 | 244,300 | 422,904 | 178,604 |
| Total revenues | 28,929,125 | 28,929,125 | 29,271,957 | 342,832 |
| EXPENDITURES | | | | |
| Current Expenditures: | | | | |
| General administration | 4,663,610 | 4,663,610 | 4,907,793 | (244,183) |
| Public works | 1,974,360 | 1,974,360 | 2,050,687 | (76,327) |
| Public safety | 19,239,140 | 19,239,140 | 18,899,914 | 339,226 |
| Community services | 3,855,865 | 3,858,475 | 3,656,449 | 202,026 |
| Capital Expenditures: | | | | |
| Public safety | 8,000 | 8,000 | 13,071 | (5,071) |
| Total expenditures | 29,740,975 | 29,743,585 | 29,527,914 | 215,671 |
| Excess (deficiency) of revenues over expenditures | (811,850) | (814,460) | (255,957) | 558,503 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer in | 351,730 | 351,730 | - | (351,730) |
| Transfer out | (50,000) | (50,000) | (50,000) | - |
| Total other financing sources (uses) | \$ 301,730 | \$ 301,730 | \$ (50,000) | \$ (351,730) |
| Net change in fund balances | (510,120) | (512,730) | (305,957) | 206,773 |
| Fund balances, beginning of year | | | 8,218,904 | |
| Fund balances, end of year | | | \$ 7,912,947 | |

CITY OF CEDAR HILL, TEXAS
 JOE POOL FUND

EXHIBIT E-5

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL (UNAUDITED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | Original | Final | Actual | Variance with Final Budget— Positive (Negative) |
|--|---------------------|---------------------|----------------------|--|
| REVENUES—Investment earnings | \$ 2,500,000 | \$ 2,500,000 | \$ 2,928,631 | \$ 428,631 |
| Total revenues | <u>2,500,000</u> | <u>2,500,000</u> | <u>2,928,631</u> | <u>428,631</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer in | <u>1,850,000</u> | <u>1,850,000</u> | <u>1,850,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>1,850,000</u> | <u>1,850,000</u> | <u>1,850,000</u> | <u>-</u> |
| EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$ 4,350,000</u> | <u>\$ 4,350,000</u> | 4,778,631 | <u>\$ 428,631</u> |
| FUND BALANCE—Beginning of year | | | <u>46,527,005</u> | |
| FUND BALANCE—End of year | | | <u>\$ 51,305,636</u> | |

**CITY OF CEDAR HILL, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2014**

1. BUDGETARY INFORMATION

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

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



CEDAR HILL

WHERE OPPORTUNITIES GROW NATURALLY

OTHER SUPPLEMENTARY INFORMATION

**CITY OF CEDAR HILL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2014**

| | Nonmajor Special Revenue Funds | | | |
|--|---------------------------------------|----------------------------|---------------------|---------------------------------------|
| | Police Forfeiture | Hotel Occupancy | Library Fund | Comm. Dev. Block Grant |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 103,424 | \$ 680,129 | \$ 135,238 | \$ (7,925) |
| Receivables (net, where applicable, of allowances for uncollectibles) | - | 84,711 | - | (158) |
| Prepaid items | - | 875 | - | - |
| Total assets | \$ 103,424 | \$ 765,715 | \$ 135,238 | \$ (8,083) |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,171 | \$ 1,042 | \$ - | \$ - |
| Accrued liabilities | 22,444 | (26,293) | - | - |
| Total liabilities | 23,615 | (25,251) | - | - |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| Unavailable revenue | - | 39,208 | - | - |
| Total deferred inflows of resources | - | 39,208 | - | - |
| FUND BALANCES | | | | |
| Nonspendable- prepaids and inventory | - | 875 | - | - |
| Restricted for: | | | | |
| Construction | - | - | - | - |
| PID use | - | - | - | - |
| Tourism | - | 750,883 | - | - |
| Police | 79,809 | - | - | - |
| Committed for: | | | | |
| Library | - | - | 135,238 | - |
| Landscaping | - | - | - | - |
| Construction | - | - | - | - |
| Building maintenance | - | - | - | - |
| Unassigned | - | - | - | (8,083) |
| Total fund balances | 79,809 | 751,758 | 135,238 | (8,083) |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 103,424 | \$ 765,715 | \$ 135,238 | \$ (8,083) |

EXHIBIT F-1(CONTINUED)

| Nonmajor Special Revenue Funds | | | | | | |
|---------------------------------------|-------------------------------|-------------------|---------------------------|-------------------------------------|--|---|
| High Pointe PID | Waterford Oaks PID | PEG FUND | Traffic Safety | Landscape Beautification | Crime Control and Prevention District | Total Nonmajor Special Revenue Funds |
| \$ 75,133 | \$ 211,199 | \$ 217,241 | \$ 492,764 | \$ 1,029,038 | \$ 41,894 | \$ 2,978,135 |
| 10,905 | 3,765 | 53,999 | - | 284,742 | 128,893 | 566,857 |
| - | - | - | - | - | - | 875 |
| \$ 86,038 | \$ 214,964 | \$ 271,240 | \$ 492,764 | \$ 1,313,780 | \$ 170,787 | \$ 3,545,867 |
| \$ 16,785 | \$ 605 | \$ 2,325 | \$ 49,408 | \$ 194,196 | \$ 8,610 | \$ 274,142 |
| 200 | 56 | - | 59,165 | 27,178 | 18,157 | 100,907 |
| 16,985 | 661 | 2,325 | 108,573 | 221,374 | 26,767 | 375,049 |
| 10,191 | 2,898 | - | - | - | - | 52,297 |
| 10,191 | 2,898 | - | - | - | - | 52,297 |
| - | - | - | - | - | - | 875 |
| - | - | 268,915 | - | - | - | 268,915 |
| 58,862 | 211,405 | - | - | - | - | 270,267 |
| - | - | - | - | - | - | 750,883 |
| - | - | - | 384,191 | - | 144,020 | 608,020 |
| - | - | - | - | - | - | 135,238 |
| - | - | - | - | 1,092,406 | - | 1,092,406 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | (8,083) |
| 58,862 | 211,405 | 268,915 | 384,191 | 1,092,406 | 144,020 | 3,118,521 |
| \$ 86,038 | \$ 214,964 | \$ 271,240 | \$ 492,764 | \$ 1,313,780 | \$ 170,787 | \$ 3,545,867 |

**CITY OF CEDAR HILL, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2014**

| | Nonmajor Capital Projects | | |
|--|---------------------------------------|-------------------------|--------------------------|
| | Certificates of Obligation | Park Development | Restricted Street |
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,732,879 | \$ 550,190 | \$ 362,557 |
| Receivables (net, where applicable, of allowances for uncollectibles) | 264 | - | - |
| Prepaid items | - | - | - |
| Total assets | \$ 3,733,143 | \$ 550,190 | \$ 362,557 |
| LIABILITIES | | | |
| Accounts payable | \$ 136,468 | \$ - | \$ - |
| Accrued liabilities | - | - | - |
| | 136,468 | - | - |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue | - | - | - |
| Total liabilities | - | - | - |
| FUND BALANCES | | | |
| Nonspendable- prepaids and inventory | - | - | - |
| Restricted for: | | | |
| Construction | 3,596,675 | 550,190 | 362,557 |
| PID use | - | - | - |
| Tourism | - | - | - |
| Police | - | - | - |
| Committed for: | | | |
| Library | - | - | - |
| Landscaping | - | - | - |
| Construction | - | - | - |
| Building maintenance | - | - | - |
| Nonspendable- prepaids and inventory | - | - | - |
| Total fund balances | 3,596,675 | 550,190 | 362,557 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 3,733,143 | \$ 550,190 | \$ 362,557 |

EXHIBIT F-1(CONCLUDED)

| Nonmajor Capital Projects | | | | Total | Total |
|----------------------------------|-----------------------------|-------------------|--------------------------|---------------------------------------|-----------------------|
| Street Construction | Building Maintenance | Drainage | Regional Drainage | Nonmajor Capital Project Funds | Nonmajor Funds |
| \$ 1,577,474 | \$ 192,867 | \$ 545,926 | \$ 89,614 | \$ 7,051,507 | \$ 10,029,642 |
| 173 | - | - | - | 437 | 567,294 |
| - | - | - | - | - | 875 |
| \$ 1,577,647 | \$ 192,867 | \$ 545,926 | \$ 89,614 | \$ 7,051,944 | \$ 10,597,811 |
| \$ - | \$ - | \$ - | \$ - | \$ 136,468 | \$ 410,610 |
| - | - | - | - | - | 100,907 |
| - | - | - | - | 136,468 | 511,517 |
| - | - | - | - | - | 52,297 |
| - | - | - | - | - | 52,297 |
| - | - | - | - | - | 875 |
| - | - | - | - | 4,509,422 | 4,778,337 |
| - | - | - | - | - | 270,267 |
| - | - | - | - | - | 750,883 |
| - | - | - | - | - | 608,020 |
| - | - | - | - | - | 135,238 |
| - | - | - | - | - | 1,092,406 |
| 1,577,647 | - | - | - | 1,577,647 | 1,577,647 |
| - | 192,867 | 545,926 | 89,614 | 828,407 | 828,407 |
| - | - | - | - | - | (8,083) |
| 1,577,647 | 192,867 | 545,926 | 89,614 | 6,915,476 | 10,033,997 |
| \$ 1,577,647 | \$ 192,867 | \$ 545,926 | \$ 89,614 | \$ 7,051,944 | \$ 10,597,811 |

**CITY OF CEDAR HILL, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

| | Nonmajor Special Revenue Funds | | | |
|--|---------------------------------------|----------------------------|-------------------------|-----------------------------------|
| | Police Forfeiture | Hotel Occupancy | Library Fund | Comm. Dev. Block Grant |
| REVENUES: | | | | |
| Taxes | \$ - | \$ 213,130 | \$ - | \$ - |
| Franchise taxes | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Charges for services | - | - | - | - |
| Fines and forfeits | 20,564 | - | - | - |
| Investment earnings | 380 | 2,179 | 436 | - |
| Miscellaneous | - | - | 14,676 | - |
| Total revenues | 20,944 | 215,309 | 15,112 | - |
| EXPENDITURES | | | | |
| Current: | | | | |
| General administration | - | - | - | - |
| Public works | - | - | - | 8,133 |
| Public safety | 37,097 | - | - | - |
| Community services | - | 130,300 | 11,634 | - |
| Capital outlay | | | | |
| General administration | - | - | - | - |
| Public works | - | - | - | - |
| Public safety | - | - | - | - |
| Community services | - | - | - | - |
| Total expenditures | 37,097 | 130,300 | 11,634 | 8,133 |
| Excess (deficiency) of revenues over expenditures | (16,153) | 85,009 | 3,478 | (8,133) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of long-term debt | - | - | - | - |
| Premium on issuance of debt | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses): | - | - | - | - |
| Excess (deficiency) of revenues and other sources over expenditures | (16,153) | 85,009 | 3,478 | (8,133) |
| Fund balances, beginning of year | 95,962 | 666,749 | 131,760 | 50 |
| Fund balances, end of year | \$ 79,809 | \$ 751,758 | \$ 135,238 | \$ (8,083) |

EXHIBIT F-2 (CONTINUED)

| Nonmajor Special Revenue Funds | | | | | | |
|---------------------------------------|-------------------------------|-------------------|---------------------------|-------------------------------------|--|---|
| High Pointe PID | Waterford Oaks PID | PEG Fund | Traffic Safety | Landscape Beautification | Crime Control and Prevention District | Total Nonmajor Special Revenue Funds |
| \$ 296,607 | \$ 96,913 | \$ - | \$ - | \$ - | \$ 762,245 | \$ 1,368,895 |
| - | - | 88,806 | - | - | - | 88,806 |
| 19,992 | 2,328 | - | - | - | - | 22,320 |
| - | - | - | - | 2,003,559 | - | 2,003,559 |
| - | - | - | 489,737 | - | - | 510,301 |
| - | - | - | 1,209 | 4,333 | - | 8,537 |
| 1,670 | - | - | - | 4,983 | 2,083 | 23,412 |
| <u>318,269</u> | <u>99,241</u> | <u>88,806</u> | <u>490,946</u> | <u>2,012,875</u> | <u>764,328</u> | <u>4,025,830</u> |
| - | - | 10,075 | - | - | - | 10,075 |
| - | - | - | - | - | - | 8,133 |
| - | - | - | 433,767 | - | 780,792 | 1,251,656 |
| 275,449 | 78,757 | - | - | 1,888,125 | - | 2,384,265 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 44,754 | 11,208 | - | - | 398,366 | - | 454,328 |
| <u>320,203</u> | <u>89,965</u> | <u>10,075</u> | <u>433,767</u> | <u>2,286,491</u> | <u>780,792</u> | <u>4,108,457</u> |
| (1,934) | 9,276 | 78,731 | 57,179 | (273,616) | (16,464) | (82,627) |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| (1,934) | 9,276 | 78,731 | 57,179 | (273,616) | (16,464) | (82,627) |
| 60,796 | 202,129 | 190,184 | 327,012 | 1,366,022 | 160,484 | 3,201,148 |
| <u>\$ 58,862</u> | <u>\$ 211,405</u> | <u>\$ 268,915</u> | <u>\$ 384,191</u> | <u>\$ 1,092,406</u> | <u>\$ 144,020</u> | <u>\$ 3,118,521</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, 2014**

| | <u>Nonmajor Capital Projects</u> | | |
|--|---------------------------------------|-----------------------------|------------------------------|
| | <u>Certificates of Obligation</u> | <u>Park Development</u> | <u>Restricted Street</u> |
| REVENUES: | | | |
| Taxes | \$ - | \$ - | \$ - |
| Franchise taxes | - | - | - |
| Intergovernmental | - | - | - |
| Charges for services | - | - | - |
| Fines and forfeits | - | - | - |
| Investment earnings | 10,307 | 1,805 | 1,189 |
| Miscellaneous | - | - | - |
| Total revenues | <u>10,307</u> | <u>1,805</u> | <u>1,189</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General administration | - | - | - |
| Public works | 369,303 | - | - |
| Public safety | - | - | - |
| Community Services | - | - | - |
| Capital outlay | | | |
| General administration | - | - | - |
| Public works | 53,851 | - | - |
| Public safety | - | - | - |
| Community Services | - | - | - |
| Total expenditures | <u>423,154</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(412,847)</u> | <u>1,805</u> | <u>1,189</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Issuance of long-term debt | 2,065,000 | - | - |
| Premium on issuance of debt | 83,366 | - | - |
| Transfers out | (729,241) | - | - |
| Total other financing sources (uses): | <u>1,419,125</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over expenditures | 1,006,278 | 1,805 | 1,189 |
| Fund balances, beginning of year | <u>2,590,397</u> | <u>548,385</u> | <u>361,368</u> |
| Fund balances, end of year | <u>\$ 3,596,675</u> | <u>\$ 550,190</u> | <u>\$ 362,557</u> |

EXHIBIT F-2 (CONCLUDED)

| Nonmajor Capital Projects | | | | | | Total Nonmajor Capital Project Funds | Total Nonmajor Funds |
|----------------------------------|---------------------------------|-------------------|------------------------------|---------------------|----------------------|---|-------------------------------------|
| Street Construction | Building Maintenance | Drainage | Regional Drainage | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,368,895 | |
| - | - | - | - | - | - | 88,806 | |
| - | - | - | - | - | - | 22,320 | |
| - | - | - | - | - | - | 2,003,559 | |
| - | - | - | - | - | - | 510,301 | |
| 5,593 | 633 | 1,791 | 293 | 21,611 | 30,148 | | |
| - | - | - | - | - | - | 23,412 | |
| <u>5,593</u> | <u>633</u> | <u>1,791</u> | <u>293</u> | <u>21,611</u> | <u>4,047,441</u> | | |
| - | - | - | - | - | - | 10,075 | |
| - | - | - | - | - | 369,303 | 377,436 | |
| - | - | - | - | - | - | 1,251,656 | |
| - | - | - | - | - | - | 2,384,265 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | 53,851 | 53,851 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 454,328 | |
| - | - | - | - | - | 423,154 | 4,531,611 | |
| <u>5,593</u> | <u>633</u> | <u>1,791</u> | <u>293</u> | <u>(401,543)</u> | <u>(484,170)</u> | | |
| - | - | - | - | - | 2,065,000 | 2,065,000 | |
| - | - | - | - | - | 83,366 | 83,366 | |
| - | - | - | - | - | (729,241) | (729,241) | |
| - | - | - | - | - | 1,419,125 | 1,419,125 | |
| 5,593 | 633 | 1,791 | 293 | 1,017,582 | 934,955 | | |
| 1,572,054 | 192,234 | 544,135 | 89,321 | 5,897,894 | 9,099,042 | | |
| <u>\$ 1,577,647</u> | <u>\$ 192,867</u> | <u>\$ 545,926</u> | <u>\$ 89,614</u> | <u>\$ 6,915,476</u> | <u>\$ 10,033,997</u> | | |

CITY OF CEDAR HILL, TEXAS
DEBT SERVICE FUND

EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|------------------|------------------|---------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 5,027,480 | \$ 5,027,480 | \$ 5,004,061 | \$ (23,419) |
| Intergovernmental | 1,622,735 | 1,622,735 | 1,629,502 | 6,767 |
| Charges for services | 102,345 | 102,345 | 90,642 | (11,703) |
| Investment earnings | 20,000 | 20,000 | 5,344 | (14,656) |
| Total revenues | 6,772,560 | 6,772,560 | 6,729,549 | (43,011) |
| EXPENDITURES | | | | |
| Principal retirement | 5,175,860 | 5,175,860 | 5,225,860 | (50,000) |
| Interest and fiscal agent charges | 2,950,450 | 2,950,450 | 2,997,075 | (46,625) |
| Total expenditures | 8,126,310 | 8,126,310 | 8,222,935 | (96,625) |
| Deficiency of revenues under expenditures | (1,353,750) | (1,353,750) | (1,493,386) | (139,636) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of long-term debt | - | - | 7,430,000 | 7,430,000 |
| Refunding of long-term debt | - | - | (7,614,445) | (7,614,445) |
| Premium on issuance of debt | - | - | 327,369 | 327,369 |
| Transfers in | 1,365,755 | 1,365,755 | 1,365,753 | (2) |
| Total other financing sources (uses) | 1,365,755 | 1,365,755 | 1,508,677 | 142,922 |
| Net changes in fund balances | \$ 12,005 | \$ 12,005 | 15,291 | \$ 3,286 |
| Fund balances, beginning of year | | | 1,340,738 | |
| Fund balances, end of year | | | <u>\$ 1,356,029</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, 2014**

EXHIBIT G-2

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-------------------------|---------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Fines and forfeits | \$ 30,000 | \$ 30,000 | \$ 20,564 | \$ (9,436) |
| Investment earnings | 500 | 500 | 380 | (120) |
| Total revenues | <u>30,500</u> | <u>30,500</u> | <u>20,944</u> | <u>(9,556)</u> |
| EXPENDITURES | | | | |
| Public safety | <u>30,000</u> | <u>30,000</u> | <u>37,097</u> | <u>(7,097)</u> |
| Total expenditures | <u>30,000</u> | <u>30,000</u> | <u>37,097</u> | <u>(7,097)</u> |
| Excess of revenues over expenditures | <u>500</u> | <u>500</u> | <u>(16,153)</u> | <u>(16,653)</u> |
| Changes in fund balances | <u>\$ 500</u> | <u>\$ 500</u> | <u>(16,153)</u> | <u>\$ (16,653)</u> |
| Fund balances, beginning of year | | | <u>95,962</u> | |
| Fund balances, end of year | | | <u>\$ 79,809</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, 2014**

EXHIBIT G-3

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|---|-------------------------|-----------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget -</u> <u>Positive (Negative)</u> |
| REVENUES | | | | |
| Taxes | \$ 140,000 | \$ 140,000 | \$ 213,130 | \$ 73,130 |
| Investment earnings | 4,600 | 4,600 | 2,179 | (2,421) |
| Total revenues | 144,600 | 144,600 | 215,309 | 70,709 |
| EXPENDITURES | | | | |
| Community services | 144,600 | 143,375 | 130,300 | 13,075 |
| Total expenditures | 144,600 | 143,375 | 130,300 | 13,075 |
| Excess of revenues over expenditures | - | 1,225 | 85,009 | 83,784 |
| Net changes in fund balances | \$ - | \$ 1,225 | 85,009 | \$ 83,784 |
| Fund balances, beginning of year | | | 666,749 | |
| Fund balances, end of year | | | <u>\$ 751,758</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, 2014**

EXHIBIT G-4

| | Budgeted Amounts | | Actual | Variance with Final Budget - (Negative) |
|--|-------------------------|--------------------|-------------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ 650 | \$ 650 | \$ 436 | \$ (214) |
| Miscellaneous revenue | - | - | 14,676 | 14,676 |
| Total revenues | <u>650</u> | <u>650</u> | <u>15,112</u> | <u>14,462</u> |
| EXPENDITURES | | | | |
| Community services | 21,000 | 21,000 | 11,634 | 9,366 |
| Total expenditures | <u>21,000</u> | <u>21,000</u> | <u>11,634</u> | <u>9,366</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(20,350)</u> | <u>(20,350)</u> | <u>3,478</u> | <u>23,828</u> |
| Net changes in fund balances | <u>\$ (20,350)</u> | <u>\$ (20,350)</u> | <u>3,478</u> | <u>\$ 23,828</u> |
| Fund balances, beginning of year | | | <u>131,760</u> | |
| Fund balances, end of year | | | <u>\$ 135,238</u> | |

**CITY OF CEDAR HILL, TEXAS
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT G-5

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|--------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| EXPENDITURES | | | | |
| Public works | - | - | 8,133 | (8,133) |
| Total expenditures | - | - | 8,133 | (8,133) |
| Excess (deficiency) of revenues over (under) expenditures | - | - | (8,133) | (8,133) |
| Net changes in fund balances | <u>\$ -</u> | <u>\$ -</u> | (8,133) | <u>\$ (8,133)</u> |
| Fund balances, beginning of year | | | <u>50</u> | |
| Fund balances, end of year | | | <u>\$ (8,083)</u> | |

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, 2014

EXHIBIT G-6

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|--|-------------------------|----------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Assessments | \$ 302,800 | \$ 302,800 | \$ 296,607 | \$ (6,193) |
| Intergovernmental | 20,000 | 20,000 | 19,992 | (8) |
| Investment earnings | 2,000 | 2,000 | - | (2,000) |
| Miscellaneous | - | - | 1,670 | 1,670 |
| Total revenues | 324,800 | 324,800 | 318,269 | (6,531) |
| EXPENDITURES | | | | |
| Community service | 259,800 | 259,800 | 275,449 | (15,649) |
| Capital outlay | 65,000 | 65,000 | 44,754 | 20,246 |
| Total expenditures | 324,800 | 324,800 | 320,203 | 4,597 |
| Excess (deficiency) of revenues over (under) expenditures | - | - | (1,934) | (1,934) |
| Net changes in fund balances | \$ - | \$ - | (1,934) | \$ (1,934) |
| Fund balances, beginning of year | | | 60,796 | |
| Fund balances, end of year | | | <u>\$ 58,862</u> | |

CITY OF CEDAR HILL, TEXAS **EXHIBIT G-7**
WATERFORD OAKS PUBLIC IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014

| | Budgeted Amounts | | Actual | Variance with Final Budget - Positive (Negative) |
|---|-------------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Assessments | \$ 100,000 | \$ 100,000 | \$ 96,913 | \$ (3,087) |
| Intergovernmental | 3,300 | 3,300 | 2,328 | (972) |
| Investment earnings | 2,300 | 2,300 | - | (2,300) |
| Total revenues | 105,600 | 105,600 | 99,241 | (6,359) |
| EXPENDITURES | | | | |
| Community service | 63,400 | 63,400 | 78,757 | (15,357) |
| Capital outlay | 30,000 | 30,000 | 11,208 | 18,792 |
| Total expenditures | 93,400 | 93,400 | 89,965 | 3,435 |
| Excess of revenues over expenditures | 12,200 | 12,200 | 9,276 | (2,924) |
| Net changes in fund balances | \$ 12,200 | \$ 12,200 | 9,276 | \$ (2,924) |
| Fund balances, beginning of year | | | <u>202,129</u> | |
| Fund balances, end of year | | | <u>\$ 211,405</u> | |

**CITY OF CEDAR HILL, TEXAS
 PEG SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT G-8

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-------------------------|--------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | \$ - | \$ - | \$ 88,806 | \$ 88,806 |
| Total revenues | <u>-</u> | <u>-</u> | <u>88,806</u> | <u>88,806</u> |
| EXPENDITURES | | | | |
| General administration | - | - | 10,075 | (10,075) |
| Total expenditures | <u>-</u> | <u>-</u> | <u>10,075</u> | <u>(10,075)</u> |
| Excess of revenues over expenditures | - | - | 78,731 | 78,731 |
| Net changes in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>78,731</u> | <u>\$ 78,731</u> |
| Fund balances, beginning of year | | | <u>190,184</u> | |
| Fund balances, end of year | | | <u>\$ 268,915</u> | |

**CITY OF CEDAR HILL, TEXAS
TRAFFIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT G-9

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|---------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Fines and forfeits | \$ 284,000 | \$ 284,000 | \$ 489,737 | \$ 205,737 |
| Investment earnings | 3,600 | 3,600 | 1,209 | (2,391) |
| Total revenues | <u>287,600</u> | <u>287,600</u> | <u>490,946</u> | <u>203,346</u> |
| EXPENDITURES | | | | |
| Public safety | 257,625 | 257,625 | 433,767 | (176,142) |
| Capital outlay | 205,750 | 205,750 | - | 205,750 |
| Total expenditures | <u>463,375</u> | <u>463,375</u> | <u>433,767</u> | <u>29,608</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(175,775)</u> | <u>(175,775)</u> | <u>57,179</u> | <u>232,954</u> |
| Changes in fund balances | <u>\$ (175,775)</u> | <u>\$ (175,775)</u> | <u>57,179</u> | <u>\$ 232,954</u> |
| Fund balances, beginning of year | | | <u>327,012</u> | |
| Fund balances, end of year | | | <u>\$ 384,191</u> | |

**CITY OF CEDAR HILL, TEXAS
LANDSCAPE BEAUTIFICATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT G-10

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|---|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charges for services | \$2,000,000 | \$2,000,000 | \$ 2,003,559 | \$ 3,559 |
| Investment earnings | 9,500 | 9,500 | 4,333 | (5,167) |
| Miscellaneous | 3,500 | 3,500 | 4,983 | 1,483 |
| Total revenues | <u>2,013,000</u> | <u>2,013,000</u> | <u>2,012,875</u> | <u>(125)</u> |
| EXPENDITURES | | | | |
| Community service | 1,800,000 | 1,800,000 | 1,888,125 | (88,125) |
| Capital outlay | 500,000 | 500,000 | 398,366 | 101,634 |
| Total expenditures | <u>2,300,000</u> | <u>2,300,000</u> | <u>2,286,491</u> | <u>13,509</u> |
| Excess of revenues over expenditures | <u>(287,000)</u> | <u>(287,000)</u> | <u>(273,616)</u> | <u>13,384</u> |
| Net changes in fund balances | <u>\$ (287,000)</u> | <u>\$ (287,000)</u> | <u>(273,616)</u> | <u>\$ 13,384</u> |
| Fund balances, beginning of year | | | <u>1,366,022</u> | |
| Fund balances, end of year | | | <u>\$ 1,092,406</u> | |

**CITY OF CEDAR HILL, TEXAS
 CRIME CONTROL AND PREVENTION DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

EXHIBIT G-11

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes | \$858,000 | \$ 858,000 | \$ 762,245 | \$ (95,755) |
| Intergovernmental | - | - | - | - |
| Investment earnings | 10,000 | 10,000 | - | (10,000) |
| Miscellaneous | - | - | 2,083 | 2,083 |
| Total revenues | <u>868,000</u> | <u>868,000</u> | <u>764,328</u> | <u>(103,672)</u> |
| EXPENDITURES | | | | |
| Public safety | 841,970 | 841,970 | 780,792 | 61,178 |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>841,970</u> | <u>841,970</u> | <u>780,792</u> | <u>61,178</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>26,030</u> | <u>26,030</u> | <u>(16,464)</u> | <u>(42,494)</u> |
| Changes in fund balances | <u>\$ 26,030</u> | <u>\$ 26,030</u> | <u>(16,464)</u> | <u>\$ (42,494)</u> |
| Fund balances, beginning of year | | | <u>160,484</u> | |
| Fund balances, end of year | | | <u>\$ 144,020</u> | |

**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)**

| | Fiscal Year | | |
|--|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 |
| Governmental activities | | | |
| Invested in capital assets, net of related debt | \$ 48,374,969 | \$ 50,709,962 | \$ 71,700,728 |
| Restricted | 8,965,160 | 9,358,327 | 9,806,890 |
| Unrestricted | 25,805,348 | 29,258,774 | 15,582,011 |
| Total governmental activities net position | \$ 83,145,477 | \$ 89,327,063 | \$ 97,089,629 |
| Business-type activities | | | |
| Invested in capital assets, net of related debt | \$ 40,407,433 | \$ 41,416,018 | \$ 43,490,027 |
| Restricted | 5,099,043 | 5,001,029 | 5,011,341 |
| Unrestricted | 4,883,916 | 5,335,239 | 4,505,699 |
| Total business-type activities net position | \$ 50,390,392 | \$ 51,752,286 | \$ 53,007,067 |
| Primary government | | | |
| Invested in capital assets, net of related debt | \$ 88,782,402 | \$ 92,125,980 | \$ 115,190,755 |
| Restricted | 14,064,203 | 14,359,356 | 14,818,231 |
| Unrestricted | 30,689,264 | 34,594,013 | 20,087,710 |
| Total primary government net position | \$ 133,535,869 | \$ 141,079,349 | \$ 150,096,696 |

Source: Comprehensive Annual Financial Reports

TABLE 1

| Fiscal Year | | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 50,450,265 | \$ 44,383,937 | \$ 72,409,924 | \$ 72,596,207 | \$ 72,238,826 | \$ 74,150,379 | \$ 75,753,514 |
| 12,950,069 | 12,859,483 | 12,232,354 | 11,378,549 | 10,973,051 | 10,964,938 | 9,967,610 |
| 38,339,323 | 41,778,292 | 12,564,824 | 14,718,473 | 16,659,826 | 14,134,635 | 15,026,830 |
| <u>\$ 101,739,657</u> | <u>\$ 99,021,712</u> | <u>\$ 97,207,102</u> | <u>\$ 98,693,229</u> | <u>\$ 99,871,703</u> | <u>\$ 99,249,952</u> | <u>\$ 100,747,954</u> |
| | | | | | | |
| \$ 47,492,002 | \$ 47,740,514 | \$ 46,312,862 | \$ 45,512,376 | \$ 45,886,988 | \$ 45,615,944 | \$ 45,470,833 |
| 4,458,851 | 4,711,553 | 3,390,278 | 3,510,291 | 3,137,658 | 3,388,212 | 4,048,531 |
| 4,698,477 | 3,994,709 | 3,951,962 | 3,690,340 | 2,912,481 | 3,730,851 | 6,979,967 |
| <u>\$ 56,649,330</u> | <u>\$ 56,446,776</u> | <u>\$ 53,655,102</u> | <u>\$ 52,713,007</u> | <u>\$ 51,937,127</u> | <u>\$ 52,735,007</u> | <u>\$ 56,499,331</u> |
| | | | | | | |
| \$ 97,942,267 | \$ 92,124,451 | \$ 118,722,786 | \$ 118,108,583 | \$ 118,125,814 | \$ 119,766,323 | \$ 121,224,347 |
| 17,408,920 | 17,571,036 | 15,622,632 | 14,888,840 | 14,110,709 | 14,353,150 | 14,016,141 |
| 43,037,800 | 45,773,001 | 16,516,786 | 18,408,813 | 19,572,307 | 17,865,486 | 22,006,797 |
| <u>\$ 158,388,987</u> | <u>\$ 155,468,488</u> | <u>\$ 150,862,204</u> | <u>\$ 151,406,236</u> | <u>\$ 151,808,830</u> | <u>\$ 151,984,959</u> | <u>\$ 157,247,285</u> |

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

| | Fiscal Year | | | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Expenses | | | | |
| Governmental activities: | | | | |
| General government | \$ 3,153,688 | \$ 3,342,833 | \$ 5,203,328 | \$ 5,756,996 |
| Public safety | 12,999,503 | 14,416,779 | 16,318,022 | 18,659,224 |
| Public works | 4,435,725 | 5,327,141 | 10,562,982 | 7,647,548 |
| Community services | 5,260,655 | 5,001,181 | 6,443,771 | 6,729,210 |
| Interest and fiscal charges | 4,762,520 | 5,626,999 | 1,558,616 | 6,790,548 |
| Total governmental activities expenses | <u>30,612,091</u> | <u>33,714,933</u> | <u>40,086,719</u> | <u>45,583,526</u> |
| Business-type activities: | | | | |
| Water and sewer | \$ 11,845,403 | \$ 14,241,632 | \$ 13,300,772 | \$ 13,375,271 |
| Total business-type activities expenses | <u>11,845,403</u> | <u>14,241,632</u> | <u>13,300,772</u> | <u>13,375,271</u> |
| Total primary government expenses | <u>\$ 42,457,494</u> | <u>\$ 47,956,565</u> | <u>\$ 53,387,491</u> | <u>\$ 58,958,797</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services | | | | |
| General government | \$ 162,673 | \$ 103,001 | \$ 113,291 | \$ 332,038 |
| Public safety | 1,790,029 | 2,154,760 | 2,897,331 | 3,327,518 |
| Public works | 790,361 | 829,336 | 1,934,164 | 650,794 |
| Community services | 644,974 | 711,285 | 2,313,069 | 2,527,758 |
| Operating grants/contributions | 1,248,877 | 2,032,509 | 2,152,679 | 1,999,182 |
| Capital grants/contributions | 5,414,719 | 2,768,766 | 5,991,124 | 5,580,070 |
| Total governmental activities program revenues | <u>10,051,633</u> | <u>8,599,657</u> | <u>15,401,658</u> | <u>14,417,360</u> |
| Business-type activities: | | | | |
| Charges for services | \$ 13,717,346 | \$ 14,705,546 | \$ 12,900,524 | \$ 14,544,318 |
| Capital grants/contributions | 3,659,464 | 2,000,399 | 2,635,385 | 3,629,474 |
| Total business-type activities program revenues | <u>17,376,810</u> | <u>16,705,945</u> | <u>15,535,909</u> | <u>18,173,792</u> |
| Total primary government program revenues | <u>\$ 27,428,443</u> | <u>\$ 25,305,602</u> | <u>\$ 30,937,567</u> | <u>\$ 32,591,152</u> |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (20,560,458) | \$ (25,115,276) | \$ (24,685,061) | \$ (31,166,166) |
| Business-type activities | 5,531,407 | 2,464,313 | 2,235,137 | 4,798,521 |
| Total primary government net expense | <u>\$ (15,029,051)</u> | <u>\$ (22,650,963)</u> | <u>\$ (22,449,924)</u> | <u>\$ (26,367,645)</u> |

Source: Comprehensive Annual Financial Reports

TABLE 2 (CONTINUED)

| Fiscal Year | | | | | |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 6,552,840 | \$ 4,963,810 | \$ 4,990,898 | \$ 5,280,221 | \$ 5,899,317 | \$ 6,048,611 |
| 20,065,191 | 19,648,564 | 19,143,067 | 19,185,108 | 19,700,185 | 21,050,888 |
| 7,031,442 | 6,625,549 | 6,575,290 | 6,492,493 | 6,441,727 | 6,696,307 |
| 6,506,179 | 6,920,678 | 6,694,703 | 6,388,243 | 6,829,000 | 7,058,519 |
| 7,196,794 | 7,230,607 | 7,178,521 | 6,924,676 | 7,159,431 | 6,977,022 |
| <u>47,352,446</u> | <u>45,389,208</u> | <u>44,582,479</u> | <u>44,270,741</u> | <u>46,029,660</u> | <u>47,831,347</u> |
| <u>\$ 14,145,471</u> | <u>\$ 15,528,663</u> | <u>\$ 16,374,985</u> | <u>\$ 15,674,005</u> | <u>\$ 15,491,378</u> | <u>\$ 15,772,743</u> |
| 14,145,471 | 15,528,663 | 16,374,985 | 15,674,005 | 15,491,378 | 15,772,743 |
| <u>\$ 61,497,917</u> | <u>\$ 60,917,871</u> | <u>\$ 60,957,464</u> | <u>\$ 59,944,746</u> | <u>\$ 61,521,038</u> | <u>\$ 63,604,090</u> |
| | | | | | |
| \$ 383,925 | \$ 402,651 | \$ 366,589 | \$ 353,812 | \$ 1,168,201 | \$ 464,192 |
| 3,841,740 | 3,630,091 | 3,592,585 | 3,936,093 | 3,798,408 | 4,096,762 |
| 53,675 | 134,996 | 235,140 | 463,247 | 938,346 | 366,992 |
| 2,460,325 | 2,635,525 | 2,487,343 | 2,715,284 | 2,903,833 | 2,717,031 |
| 2,382,689 | 2,263,449 | 3,112,884 | 1,979,785 | 2,024,725 | 1,740,421 |
| 1,940,005 | 662,691 | 997,587 | 714,235 | 2,795,676 | 5,186,398 |
| <u>11,062,359</u> | <u>9,729,403</u> | <u>10,792,128</u> | <u>10,162,456</u> | <u>13,629,189</u> | <u>14,571,796</u> |
| | | | | | |
| \$ 14,303,857 | \$ 13,762,041 | \$ 16,691,383 | \$ 15,977,792 | \$ 17,209,452 | \$ 17,382,937 |
| 1,174,014 | 523,394 | 354,169 | 526,269 | 692,880 | 631,981 |
| <u>15,477,871</u> | <u>14,285,435</u> | <u>17,045,552</u> | <u>16,504,061</u> | <u>17,902,332</u> | <u>18,014,918</u> |
| <u>\$ 26,540,230</u> | <u>\$ 24,014,838</u> | <u>\$ 27,837,680</u> | <u>\$ 26,666,517</u> | <u>\$ 31,531,521</u> | <u>\$ 32,586,714</u> |
| | | | | | |
| \$ (36,290,087) | \$ (35,659,805) | \$ (33,790,351) | \$ (34,108,285) | \$ (32,400,471) | \$ (33,259,551) |
| 1,332,400 | (1,243,228) | 670,567 | 830,056 | 2,410,954 | 2,242,175 |
| <u>\$ (34,957,687)</u> | <u>\$ (36,903,033)</u> | <u>\$ (33,119,784)</u> | <u>\$ (33,278,229)</u> | <u>\$ (29,989,517)</u> | <u>\$ (31,017,376)</u> |

(Continued)

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

| | Fiscal Year | | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| General Revenues and Other | | | | |
| Changes in Net Assets | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Sales and use taxes | \$ 5,111,654 | \$ 5,754,164 | \$ 5,875,808 | \$ 6,134,991 |
| Property taxes | 14,645,716 | 17,110,700 | 17,479,146 | 19,669,385 |
| Hotel/motel taxes | 54,727 | 45,696 | 53,388 | 61,571 |
| Franchise fees | 2,662,995 | 3,111,696 | 3,005,690 | 3,060,567 |
| Investment earnings | 1,908,517 | 3,010,643 | 3,620,069 | 4,450,569 |
| Gain on disposal of property | - | - | 49,355 | - |
| Miscellaneous | 502,044 | 463,963 | 563,171 | 637,111 |
| Transfers | 1,800,000 | 1,800,000 | 1,801,000 | 1,802,000 |
| Total governmental activities | <u>26,685,653</u> | <u>31,296,862</u> | <u>32,447,627</u> | <u>35,816,194</u> |
| Business-type activities: | | | | |
| Investment earnings | \$ 340,448 | \$ 646,285 | \$ 767,361 | \$ 604,215 |
| Gain/loss of disposal of property | - | - | - | - |
| Miscellaneous | 43,447 | 51,296 | 53,283 | 41,527 |
| Transfers | (1,800,000) | (1,800,000) | (1,801,000) | (1,802,000) |
| Total business-type activities | <u>(1,416,105)</u> | <u>(1,102,419)</u> | <u>(980,356)</u> | <u>(1,156,258)</u> |
| Total primary government | <u>\$ 25,269,548</u> | <u>\$ 30,194,443</u> | <u>\$ 31,467,271</u> | <u>\$ 34,659,936</u> |
| Change in Net Assets | | | | |
| Governmental activities | \$ 6,125,195 | \$ 6,181,586 | \$ 7,762,566 | \$ 4,650,028 |
| Business-type activities | 4,115,302 | 1,361,894 | 1,254,781 | 3,642,263 |
| Total primary government | <u>\$ 10,240,497</u> | <u>\$ 7,543,480</u> | <u>\$ 9,017,347</u> | <u>\$ 8,292,291</u> |

TABLE 2 (CONCLUDED)

| Fiscal Year | | | | | |
|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| - | | | | | |
| 610,796 | | | | | |
| \$ 5,953,387 | \$ 6,132,913 | \$ 6,111,207 | \$ 6,365,835 | \$ 6,698,766 | \$ 7,610,173 |
| 20,122,090 | 18,765,437 | 19,155,974 | 19,328,492 | 19,149,038 | 19,198,820 |
| 92,321 | 107,434 | 135,676 | 161,997 | 190,302 | 213,130 |
| 3,228,432 | 2,945,412 | 3,284,583 | 3,457,821 | 3,354,340 | 3,603,799 |
| 1,765,116 | 3,406,971 | 4,535,466 | 4,005,347 | 257,379 | 3,068,688 |
| - | 40,251 | 41,859 | - | 8,479 | 15,704 |
| 610,796 | 646,777 | 211,713 | 167,267 | 320,416 | 231,287 |
| 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 |
| <u>33,572,142</u> | <u>33,845,195</u> | <u>35,276,478</u> | <u>35,286,759</u> | <u>31,778,720</u> | <u>35,741,601</u> |
| \$ 219,773 | \$ 186,944 | \$ 125,261 | \$ 119,897 | \$ 56,838 | \$ 36,670 |
| - | - | - | - | - | - |
| 45,273 | 64,610 | 62,077 | 74,167 | 130,088 | 3,478,858 |
| <u>(1,800,000)</u> | <u>(1,800,000)</u> | <u>(1,800,000)</u> | <u>(1,800,000)</u> | <u>(1,800,000)</u> | <u>(1,800,000)</u> |
| <u>(1,534,954)</u> | <u>(1,548,446)</u> | <u>(1,612,662)</u> | <u>(1,605,936)</u> | <u>(1,613,074)</u> | <u>1,715,528</u> |
| <u>\$ 32,037,188</u> | <u>\$ 32,296,749</u> | <u>\$ 33,663,816</u> | <u>\$ 33,680,823</u> | <u>\$ 30,165,646</u> | <u>\$ 37,457,129</u> |
| \$ (2,717,945) | \$ (1,814,610) | \$ 1,486,127 | \$ 1,178,474 | \$ (621,751) | \$ 2,482,050 |
| <u>(202,554)</u> | <u>(2,791,674)</u> | <u>(942,095)</u> | <u>(775,880)</u> | <u>797,880</u> | <u>3,957,703</u> |
| <u>\$ (2,920,499)</u> | <u>\$ (4,606,284)</u> | <u>\$ 544,032</u> | <u>\$ 402,594</u> | <u>\$ 176,129</u> | <u>\$ 6,439,753</u> |

(Concluded)

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

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| General Fund | | | | |
| Reserved for: | | | | |
| Prepaid and inventory | \$ 41,007 | \$ 57,474 | \$ 71,522 | \$ 83,311 |
| Animal shelter | 143,824 | 182,641 | 220,146 | 220,354 |
| Unreserved | 6,830,872 | 8,442,986 | 9,116,524 | 7,598,987 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Unassigned | - | - | - | - |
| Total General Fund | \$ 7,015,703 | \$ 8,683,101 | \$ 9,408,192 | \$ 7,902,652 |
| All Other Governmental Funds | | | | |
| Reserved for: | | | | |
| Prepaid and inventory | \$ 500 | \$ - | \$ - | \$ - |
| Construction | 41,967,190 | 49,423,384 | 33,971,758 | 37,291,828 |
| Debt service | 839,312 | 1,194,722 | 1,398,426 | 1,315,616 |
| Unreserved - designated for Joe Pool Fund | 16,913,557 | 19,072,590 | 21,662,048 | 25,815,003 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 298,688 | 641,947 | 1,139,312 | 1,399,190 |
| Nonspendable | - | - | - | - |
| Restricted for: | | | | |
| Construction | - | - | - | - |
| PID use | - | - | - | - |
| Tourism | - | - | - | - |
| Police | - | - | - | - |
| Debt service | - | - | - | - |
| Animal Shelter | - | - | - | - |
| Committed for: | | | | |
| Library | - | - | - | - |
| Landscaping | - | - | - | - |
| Construction | - | - | - | - |
| Building maintenance | - | - | - | - |
| Joe pool | - | - | - | - |
| Total all other governmental funds | \$ 60,019,247 | \$ 70,332,643 | \$ 58,171,544 | \$ 65,821,637 |

Source: Comprehensive Annual Financial Reports

TABLE 3

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 94,975 | \$ 289,796 | \$ - | \$ - | \$ - | \$ - |
| 136,421 | 93,240 | - | - | - | - |
| 7,910,030 | 7,429,188 | - | - | - | - |
| - | - | 79,890 | 108,886 | 47,394 | 52,652 |
| - | - | 23,359 | 21,422 | 15,602 | 24,404 |
| - | - | 7,245,735 | 8,081,105 | 8,155,908 | 7,835,891 |
| <u>\$ 8,141,426</u> | <u>\$ 7,812,224</u> | <u>\$ 7,348,984</u> | <u>\$ 8,211,413</u> | <u>\$ 8,218,904</u> | <u>\$ 7,912,947</u> |
| | | | | | |
| \$ 700 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 36,973,575 | 32,992,500 | - | - | - | - |
| 1,351,130 | 1,338,388 | - | - | - | - |
| 28,583,356 | 33,303,314 | - | - | - | - |
| 1,851,054 | 1,812,463 | - | - | - | - |
| - | - | 4,113 | 1,175 | 875 | 875 |
| - | - | 27,061,239 | 21,065,403 | 18,479,874 | 16,652,763 |
| - | - | 255,046 | 264,048 | 262,925 | 270,267 |
| - | - | 517,732 | 590,841 | 665,874 | 750,883 |
| - | - | 267,580 | 356,891 | 583,458 | 608,020 |
| - | - | 1,214,648 | 1,113,789 | 1,340,738 | 1,356,029 |
| - | - | - | - | - | - |
| - | - | 64,273 | 75,740 | 131,760 | 135,238 |
| - | - | 1,006,819 | 1,477,075 | 1,366,022 | 1,092,406 |
| - | - | 2,077,747 | 1,564,353 | 1,572,054 | 1,577,647 |
| - | - | 725,215 | 821,645 | 825,690 | 828,407 |
| - | - | 39,186,264 | 44,607,884 | 46,527,005 | 51,305,636 |
| <u>\$ 68,759,815</u> | <u>\$ 69,446,665</u> | <u>\$ 72,380,676</u> | <u>\$ 71,938,844</u> | <u>\$ 71,756,275</u> | <u>\$ 74,578,171</u> |

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

| | Fiscal Year | | | |
|--|----------------------|----------------------|------------------------|---------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Revenues | | | | |
| Taxes | \$ 19,919,458 | \$ 22,378,271 | \$ 23,829,019 | \$ 26,005,485 |
| Franchise taxes | 2,662,995 | 2,997,796 | 2,980,459 | 3,060,567 |
| Licenses and permits | 458,259 | 587,068 | 585,160 | 579,360 |
| Intergovernmental | 1,159,098 | 2,011,965 | 4,193,422 | 2,154,882 |
| Charges for services | 1,557,345 | 1,615,564 | 3,235,695 | 3,643,269 |
| Fines and forfeits | 625,869 | 838,643 | 1,218,428 | 1,367,603 |
| Investment earnings | 1,899,237 | 2,978,760 | 4,192,754 | 4,200,813 |
| Miscellaneous | 1,359,603 | 1,306,190 | 2,578,672 | 1,626,613 |
| Total revenues | 29,641,864 | 34,714,257 | 42,813,609 | 42,638,592 |
| Expenditures | | | | |
| General government | 3,170,322 | 3,343,901 | 5,222,497 | 5,588,631 |
| Public works | 1,737,528 | 2,122,080 | 4,769,427 | 4,146,221 |
| Public safety | 13,248,596 | 14,186,480 | 16,093,979 | 18,452,134 |
| Community services | 4,564,884 | 4,140,753 | 5,702,847 | 5,835,435 |
| Supplies | - | - | - | - |
| Contractual services | - | - | - | - |
| Principal retirement | 2,330,000 | 2,810,000 | 2,935,000 | 3,860,000 |
| Interest and fiscal agent charges | 2,029,396 | 2,432,796 | 3,487,728 | 3,582,146 |
| Issuance costs | 460,719 | - | - | - |
| Capital outlay | 4,041,267 | 12,417,015 | 20,139,139 | 16,714,857 |
| Total expenditures | 31,582,712 | 41,453,025 | 58,350,617 | 58,179,424 |
| Excess of revenues Over (under) expenditures | (1,940,848) | (6,738,768) | (15,537,008) | (15,540,832) |
| Other Financing Sources (Uses) | | | | |
| Transfer in | 2,250,004 | 13,359,614 | 2,463,060 | 2,347,581 |
| Transfer out | (450,004) | (11,559,614) | (662,060) | (545,581) |
| Premium on issuance of debt | 335,810 | 329,562 | - | 353,385 |
| Issuance of debt | 12,200,000 | 16,590,000 | 2,300,000 | 19,530,000 |
| Proceeds from disposal of assets | - | - | - | - |
| Refunding bonds issued | 8,550,000 | - | - | - |
| Payment to refunding bond escrow agent | (8,556,184) | - | - | - |
| Total other financing sources (uses) | 14,329,626 | 18,719,562 | 4,101,000 | 21,685,385 |
| Net change in fund balance | \$ 12,388,778 | \$ 11,980,794 | \$ (11,436,008) | \$ 6,144,553 |
| Debt service as a percentage of noncapital expenditures | 17.5% | 18.1% | 16.8% | 17.9% |

Source: Comprehensive Annual Financial Reports

TABLE 4

| Fiscal Year | | | | | |
|---------------------|-------------------|---------------------|-------------------|---------------------|---------------------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| \$ 26,228,990 | \$ 25,057,110 | \$ 25,408,781 | \$ 25,812,621 | \$ 26,083,264 | \$ 27,058,897 |
| 3,239,410 | 3,745,033 | 3,188,430 | 3,431,525 | 3,352,205 | 3,637,472 |
| 429,801 | 599,253 | 520,502 | 526,399 | 772,875 | 738,332 |
| 2,465,569 | 2,550,947 | 3,532,596 | 2,224,495 | 2,050,841 | 2,556,633 |
| 4,649,195 | 4,587,557 | 4,491,115 | 4,669,666 | 4,950,614 | 5,015,795 |
| 1,170,989 | 1,307,338 | 1,330,054 | 1,372,402 | 1,303,332 | 1,389,008 |
| 1,600,287 | 3,217,524 | 4,510,842 | 3,989,265 | 248,395 | 3,064,301 |
| 1,021,043 | 1,043,796 | 592,110 | 877,586 | 4,060,419 | 810,058 |
| <u>40,805,284</u> | <u>42,108,558</u> | <u>43,574,430</u> | <u>42,903,959</u> | <u>42,821,945</u> | <u>44,270,496</u> |
| 5,738,425 | 4,268,152 | 4,213,256 | 4,411,688 | 4,572,942 | 4,917,868 |
| 2,799,588 | 2,258,685 | 2,131,623 | 2,056,306 | 2,240,304 | 2,572,167 |
| 19,953,010 | 19,365,668 | 18,715,058 | 18,560,836 | 19,066,681 | 20,151,570 |
| 5,696,781 | 6,111,610 | 5,800,851 | 5,478,014 | 5,927,054 | 6,040,714 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 3,930,000 | 4,284,760 | 4,271,275 | 4,524,345 | 4,792,415 | 5,225,860 |
| 4,250,266 | 4,001,699 | 3,957,697 | 3,444,741 | 3,086,412 | 2,997,075 |
| - | - | - | - | - | - |
| 4,607,387 | 3,297,991 | 3,990,756 | 5,815,584 | 5,223,906 | 3,390,010 |
| <u>46,975,457</u> | <u>43,588,565</u> | <u>43,080,516</u> | <u>44,291,514</u> | <u>44,909,714</u> | <u>45,295,264</u> |
| (6,170,173) | (1,480,007) | 493,914 | (1,387,555) | (2,087,769) | (1,024,768) |
| 3,613,525 | 3,469,645 | 2,903,840 | 3,746,000 | 3,213,790 | 3,394,411 |
| (1,813,525) | (1,669,645) | (1,103,840) | (1,946,000) | (1,413,790) | (2,144,994) |
| 47,125 | - | 223,578 | 474,838 | - | 410,735 |
| 7,500,000 | 2,767,655 | 14,630,000 | 9,040,000 | - | - |
| - | - | 1,743 | - | 112,691 | - |
| - | - | - | - | - | 9,495,000 |
| - | (2,730,000) | (14,678,464) | (9,506,686) | - | (7,614,445) |
| <u>9,347,125</u> | <u>1,837,655</u> | <u>1,976,857</u> | <u>1,808,152</u> | <u>1,912,691</u> | <u>3,540,707</u> |
| <u>\$ 3,176,952</u> | <u>\$ 357,648</u> | <u>\$ 2,470,771</u> | <u>\$ 420,597</u> | <u>\$ (175,078)</u> | <u>\$ 2,515,939</u> |
| 19.3% | 20.6% | 21.1% | 20.7% | 19.9% | 19.6% |

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

TABLE 5

| Fiscal Year Ended September 30, | Real Property | Personal Property | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|--|--------------------------|------------------------------|--|---|--|
| 2005 | n/a | n/a | n/a | 2,274,015,283 | 0.64140 |
| 2006 | 2,480,740,719 | 267,321,110 | (224,223,334) | 2,523,838,495 | 0.64140 |
| 2007 | 2,720,454,080 | 288,549,740 | (254,235,323) | 2,754,768,497 | 0.64140 |
| 2008 | 3,009,117,599 | 292,080,690 | (297,237,734) | 3,003,960,555 | 0.64140 |
| 2009 | 3,144,441,658 | 314,972,100 | (336,631,686) | 3,122,782,072 | 0.64140 |
| 2010 | 2,951,398,588 | 306,248,770 | (344,662,593) | 2,912,984,765 | 0.64140 |
| 2011 | 2,838,901,972 | 297,036,800 | (353,400,773) | 2,782,537,999 | 0.67000 |
| 2012 | 2,810,514,062 | 277,211,190 | (350,446,444) | 2,737,278,808 | 0.68588 |
| 2013 | 2,765,638,796 | 280,235,120 | (340,371,034) | 2,705,502,882 | 0.69569 |
| 2014 | 2,786,675,623 | 283,871,690 | (384,154,819) | 2,686,392,494 | 0.69876 |

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

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



CEDAR HILL
WHERE OPPORTUNITIES GROW NATURALLY

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

| Fiscal Year Ended September 30, | City Direct Rates | | | Cedar Hill I.S.D. | Dallas County Community College District | Dallas County Hospital District |
|--|-------------------|--|-----------------|----------------------|--|---------------------------------------|
| | Basic Rate | General Obligation Debt Service | Total Direct | | | |
| 2004 | 0.489490 | 0.151910 | 0.641400 | 1.701600 | 0.077800 | 0.254000 |
| 2005 | 0.479490 | 0.161910 | 0.641400 | 1.741300 | 0.080300 | 0.254000 |
| 2006 | 0.469490 | 0.171910 | 0.641400 | 1.848430 | 0.081600 | 0.254000 |
| 2007 | 0.469490 | 0.171910 | 0.641400 | 1.743300 | 0.081000 | 0.254000 |
| 2008 | 0.459490 | 0.181910 | 0.641400 | 1.400000 | 0.080400 | 0.254000 |
| 2009 | 0.459490 | 0.181910 | 0.641400 | 1.500000 | 0.089400 | 0.254000 |
| 2010 | 0.459490 | 0.181910 | 0.641400 | 1.400000 | 0.094900 | 0.274000 |
| 2011 | 0.488090 | 0.181910 | 0.670000 | 1.440000 | 0.099230 | 0.271000 |
| 2012 | 0.499820 | 0.186060 | 0.685880 | 1.440000 | 0.099670 | 0.271000 |
| 2013 | 0.509630 | 0.186060 | 0.695690 | 1.440000 | 0.119375 | 0.271000 |
| 2014 | 0.512700 | 0.186060 | 0.698760 | 1.525000 | 0.124700 | 0.276000 |

Source: Dallas Central Appraisal District, various taxing entities.

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

TABLE 6

| Dallas County | County School Equalization | Duncanville I.S.D. | Ellis County | Midlothian I.S.D. |
|--------------------------|---|-------------------------------|-------------------------|------------------------------|
| 0.203900 | 0.005460 | 1.855000 | 0.314644 | 1.720000 |
| 0.203900 | 0.005460 | 1.836000 | 0.315993 | 1.764500 |
| 0.213900 | 0.005300 | 1.866000 | 0.318906 | 1.787500 |
| 0.213900 | 0.005034 | 1.736000 | 0.320491 | 1.697500 |
| 0.228100 | 0.004714 | 1.418000 | 0.393607 | 1.367500 |
| 0.228100 | 0.004928 | 1.418000 | 0.393599 | 1.407500 |
| 0.228100 | 0.005212 | 1.418000 | 0.393600 | 1.397500 |
| 0.243100 | 0.010000 | 1.418000 | 0.393599 | 1.397500 |
| 0.243100 | 0.010000 | 1.418000 | 0.393599 | 1.397500 |
| 0.243100 | 0.009937 | 1.418000 | 0.380091 | 1.540000 |
| 0.243100 | 0.010000 | 1.410000 | 0.380091 | 1.540000 |

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

TABLE 7

| Taxpayer | 2014 | | | 2005 | | |
|------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value ^a | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value ^b |
| Uptown Village at Cedar Hill | \$ 44,984,270 | 1 | 1.67% | | | |
| EI AD Cedar Hill LLC | 40,098,000 | 2 | 1.49% | | | |
| KRG Cedar Hill Plaza, LP | 36,351,550 | 3 | 1.35% | | | |
| J C Penney Company | 25,833,280 | 4 | 0.96% | | | |
| Baruch Cedar Hill LLC | 23,987,870 | 5 | 0.89% | | | |
| Wal-Mart Stores | 21,757,980 | 6 | 0.81% | | | |
| Gates Cedar Hill LTD | 16,200,000 | 7 | 0.60% | | | |
| AP Cedar Hill LLC | 15,700,000 | 8 | 0.58% | | | |
| Target Corporation | 15,342,490 | 9 | 0.57% | | | |
| RPI Cedar Hill Ltd | 11,993,420 | 10 | 0.45% | | | |
| KRG Cedar Hill Plaza, LP | | | | \$ 39,452,930 | 1 | 1.73% |
| PRTC Pleasant Run Towne | | | | 35,370,000 | 2 | 1.56% |
| Texas Utilities Electric | | | | 26,891,780 | 3 | 1.18% |
| Texwood Industries, LP | | | | 15,196,688 | 4 | 0.67% |
| E E Cedar Hill Crossing, LP | | | | 13,161,240 | 5 | 0.58% |
| Gates Cedar Hill LTD | | | | 12,600,000 | 6 | 0.55% |
| Target Corporation | | | | 12,437,020 | 7 | 0.55% |
| Patillo Robert Properties | | | | 11,870,250 | 8 | 0.52% |
| Wal-Mart Stores | | | | 11,649,270 | 9 | 0.51% |
| Southwestern Bell | | | | 10,955,460 | 10 | 0.48% |
| Total | \$ 252,248,860 | | 9.37% | \$ 189,584,638 | | 8.33% |

Source: Dallas Central Appraisal District

Note:

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

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

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

TABLE 8

| Fiscal Year Ended September 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2005 | \$ 14,585,534 | \$ 14,126,698 | 96.85% | \$ 379,230 | \$ 14,505,928 | 99.45% |
| 2006 | 16,187,900 | 15,783,884 | 97.50% | 379,679 | 16,163,563 | 99.85% |
| 2007 | 19,439,840 | 17,156,014 | 88.25% | 496,895 | 17,652,909 | 90.81% |
| 2008 | 19,267,403 | 18,867,046 | 97.92% | 317,572 | 19,184,618 | 99.57% |
| 2009 | 20,029,524 | 19,541,902 | 97.57% | 336,280 | 19,878,182 | 99.24% |
| 2010 | 18,683,884 | 18,378,688 | 98.37% | 137,689 | 18,516,377 | 99.10% |
| 2011 | 18,643,004 | 18,379,231 | 98.59% | 157,570 | 18,536,801 | 99.43% |
| 2012 | 18,774,447 | 18,521,004 | 98.65% | 82,042 | 18,603,046 | 99.09% |
| 2013 | 18,758,258 | 18,456,444 | 98.39% | 95,730 | 18,552,174 | 98.90% |
| 2014 | 18,881,012 | 18,557,355 | 98.29% | - | 18,557,355 | 98.29% |

Sources: Dallas County Tax Office

NOTE:

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

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

TABLE 9

| Fiscal Year | Governmental Activities | | | Business-Type Activities | Business-Type Activities | Total Primary Government | Percentage of Total Personal Personal Income ^c | Percentage of Actual Taxable Value of Property ^a | Per Capita ^b |
|-------------|--------------------------|---------------------------------|-------------------|---|---|--------------------------|---|---|-------------------------|
| | General Obligation Bonds | Certificate of Obligation Bonds | Other Obligations | Waterworks & Sewer System Revenue Bonds | Waterworks & Sewer System General Obligations | | | | |
| 2005 | 48,555,000 | 11,555,000 | 49,278,677 | 6,935,000 | - | 116,323,677 | Not available | 5.12% | 2,790 |
| 2006 | 49,955,000 | 23,935,000 | 52,079,184 | 9,265,000 | - | 135,234,184 | Not available | 5.36% | 3,134 |
| 2007 | 49,845,000 | 23,410,000 | 50,277,438 | 8,485,000 | - | 132,017,438 | Not available | 4.79% | 3,004 |
| 2008 | 55,660,000 | 33,265,000 | 53,134,705 | 10,695,000 | - | 152,754,705 | Not available | 5.09% | 3,402 |
| 2009 | 60,040,000 | 32,455,000 | 56,154,350 | 13,040,000 | - | 161,689,350 | Not available | 5.18% | 3,546 |
| 2010 | 56,837,895 | 31,410,000 | 59,345,601 | 10,250,000 | 2,167,105 | 160,010,601 | 13% | 5.49% | 3,456 |
| 2011 | 62,666,620 | 21,670,000 | 62,718,212 | 9,795,000 | 1,938,380 | 158,788,212 | 14% | 5.71% | 3,508 |
| 2012 | 59,092,275 | 20,880,000 | 66,282,488 | 9,325,000 | 1,702,725 | 157,282,488 | 13% | 5.75% | 3,359 |
| 2013 | 55,019,860 | 20,160,000 | 70,049,322 | 8,835,000 | 1,460,140 | 155,524,322 | 13% | 5.75% | 3,321 |
| 2014 | 51,239,000 | 20,990,000 | 74,030,225 | 6,575,000 | 9,186,000 | 162,020,225 | 12% | 6.03% | 3,287 |

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

^a See Table 5 for property value data.

^b See Table 14 for population data.

**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 | | Less Sinking Fund | Net General Bonded Debt | Percentage of Actual Taxable Value of Property ^a | Per Capita ^b |
|----------------|---------------------------------|---------------------------------------|-------------------------|-------------------------------|--|----------------------------|
| | General Obligation Bonds | Certificate of Obligation Bonds | | | | |
| 2005 | 48,555,000 | 11,555,000 | 839,312 | 59,270,688 | 2.61% | 1,421 |
| 2006 | 49,955,000 | 23,935,000 | 1,194,722 | 72,695,278 | 2.88% | 1,685 |
| 2007 | 49,845,000 | 23,410,000 | 1,398,426 | 71,856,574 | 2.61% | 1,635 |
| 2008 | 55,660,000 | 33,265,000 | 1,315,616 | 87,609,384 | 2.92% | 1,951 |
| 2009 | 60,040,000 | 32,455,000 | 1,351,830 | 91,143,170 | 2.92% | 1,999 |
| 2010 | 59,005,000 | 31,410,000 | 1,338,388 | 89,076,612 | 3.06% | 1,924 |
| 2011 | 64,605,000 | 21,670,000 | 1,214,648 | 85,060,352 | 3.06% | 1,879 |
| 2012 | 60,795,000 | 20,880,000 | 1,113,789 | 80,561,211 | 2.94% | 1,720 |
| 2013 | 56,480,000 | 20,160,000 | 1,340,738 | 75,299,262 | 2.78% | 1,608 |
| 2014 | 60,425,000 | 20,990,000 | 1,356,029 | 80,058,971 | 2.98% | 1,624 |

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

^a See Table 5 for property value data.

^b See Table 14 for population data.

**CITY OF CEDAR HILL, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2014
(UNAUDITED)**

TABLE 11

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-----------------------------|--|--|
| Debt repaid with property taxes | | | |
| Cedar Hill Independent School District | \$ 129,194,736 | 93.62% | \$ 120,952,112 |
| Dallas County | 111,350,000 | 1.39% | 1,547,765 |
| Dallas County Community College District | 339,035,000 | 1.39% | 4,712,587 |
| Dallas County Hospital District | 736,235,000 | 1.39% | 10,233,667 |
| Dallas County Schools | 67,265,000 | 1.39% | 934,984 |
| DeSoto Independent School District | 124,218,884 | 0.15% | 186,328 |
| Duncanville Independent School District | 143,430,236 | 2.66% | 3,815,244 |
| Ellis County | 49,516,262 | 0.65% | 321,856 |
| Midlothian Independent School District | 243,304,663 | 2.15% | 5,231,050 |
| Subtotal, overlapping debt | 1,943,549,781 | | 147,935,593 |
| City of Cedar Hill (direct debt) | 81,415,000 | 100.00% | 81,415,000 |
| Total direct and overlapping debt | | | <u><u>\$ 229,350,593</u></u> |

Source: First Southwest Company

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

**CITY OF CEDAR HILL, TEXAS
LEGAL DEBT MARGIN INFORMATION
AS OF SEPTEMBER 30, 2014
(UNAUDITED)**

TABLE 12

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

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

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

The tax rate at October 1, 2013 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

| <u>Fiscal Year</u> | <u>Gross Revenues (1)</u> | <u>Less: Operating Expenses (2)</u> | <u>Net Available Revenue</u> | <u>Average Debt Service (3)</u> | <u>Coverage</u> |
|--------------------|---------------------------|-------------------------------------|------------------------------|---------------------------------|-----------------|
| 2005 | 13,891,068 | 10,317,455 | 3,573,613 | 507,592 | 7.04 |
| 2006 | 15,027,426 | 10,878,440 | 4,148,986 | 661,973 | 6.27 |
| 2007 | 13,277,177 | 11,150,872 | 2,126,305 | 633,821 | 3.35 |
| 2008 | 14,760,323 | 11,238,220 | 3,522,103 | 804,647 | 4.38 |
| 2009 | 14,466,125 | 12,039,477 | 2,426,648 | 819,825 | 2.96 |
| 2010 | 15,697,120 | 13,429,002 | 2,268,118 | 801,810 | 2.83 |
| 2011 | 16,880,608 | 13,023,051 | 3,857,557 | 1,065,193 | 3.62 |
| 2012 | 16,171,856 | 13,629,548 | 2,542,308 | 790,942 | 3.21 |
| 2013 | 17,396,378 | 13,479,383 | 3,916,995 | 1,046,807 | 3.74 |
| 2014 | 20,898,465 | 13,735,658 | 7,162,807 | 621,679 | 11.52 |

Source: Comprehensive Annual Financial Reports

(1) Gross revenues include all water and sewer revenues exclusive of capital recovery fees, interest on accumulated capital recovery fees, contributed capital, and interest on bond proceeds. Gross revenues for 2010 include \$1,800,000 in capital recovery fees accumulated from prior years that the City has earmarked for debt service.

(2) Direct operating expenses include all water and sewer operating expenses, less depreciation.

(3) Average annual debt service is the average principal and interest payments due over the remaining term of all water and sewer revenue bonds.

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

TABLE 14

| Year | Estimated Population ^a | Personal Income | Per Capita Personal Income ^b | Median Household Income ^b | Median Age ^b | Cedar Hill I.S.D. Enrollment ^c | Unemployment Rate ^d |
|-------------|--|----------------------------|--|---|------------------------------------|--|---|
| 2005 | 41,700 | n/a | n/a | n/a | n/a | 8,023 | 5.4% |
| 2006 | 43,150 | n/a | n/a | n/a | n/a | 7,843 | 4.9% |
| 2007 | 43,950 | n/a | n/a | 66,786 | n/a | 7,871 | 4.7% |
| 2008 | 44,900 | n/a | n/a | 65,395 | n/a | 8,110 | 6.0% |
| 2009 | 45,600 | n/a | n/a | 66,206 | 33.6 | 8,233 | 8.7% |
| 2010 | 46,300 | 1,188,382,100 | 25,667 | 66,654 | 34.1 | 8,204 | 8.7% |
| 2011 | 45,260 | 1,116,699,980 | 24,673 | 64,727 | 32.1 | 8,134 | 9.2% |
| 2012 | 46,829 | 1,186,084,912 | 25,328 | 63,499 | 31.1 | 8,170 | 7.4% |
| 2013 | 46,829 | 1,186,084,912 | 25,328 | 63,499 | 31.1 | 7,868 | 7.4% |
| 2014 | 49,289 | 1,304,098,264 | 26,458 | 63,667 | 35.0 | 8,700 | 5.9% |

Note:

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

Sources:

^a Estimates are provided by the North Central Texas Council of Governments.

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

^c Cedar Hill Independent School District

^d Texas Workforce Commission, September.

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

TABLE 15

| <u>Employer</u> | <u>2014</u> | | | <u>2005</u> | | |
|------------------------------------|----------------------------|-------------|---|----------------------------|-------------|---|
| | <u>Estimated Employees</u> | <u>Rank</u> | <u>Percentage of Total City Workforce</u> | <u>Estimated Employees</u> | <u>Rank</u> | <u>Percentage of Total City Workforce</u> |
| Wal-Mart Supercenter | 436 | 1 | 1.73% | | | |
| JCPenney, Distribution Center | 425 | 2 | 1.69% | | | |
| Super Target | 180 | 3 | 0.72% | | | |
| DMI Corporation | 150 | 4 | 0.60% | | | |
| Western Cabinets | 125 | 5 | 0.50% | | | |
| Home Depot | 125 | 6 | 0.50% | | | |
| Dillard's | 125 | 7 | 0.50% | | | |
| J C Penney | 120 | 8 | 0.48% | | | |
| Crestview Court | 120 | 9 | 0.48% | | | |
| Babe's Chicken | 115 | 10 | 0.46% | | | |
| Texwood Industries - Quality Doors | | | | 700 | 1 | 2.26% |
| Wal-Mart Supercenter | | | | 450 | 2 | 1.46% |
| JCPenney, Distribution Center | | | | 400 | 3 | 1.29% |
| Super Target | | | | 235 | 4 | 0.76% |
| DMI Corporation | | | | 205 | 5 | 0.66% |
| Sampco Supply | | | | 150 | 6 | 0.49% |
| Western Cabinets | | | | 135 | 7 | 0.44% |
| Trinity School | | | | 130 | 8 | 0.42% |
| JCPenney, Department Store | | | | 130 | 9 | 0.42% |
| Pegasus Transportation | | | | 125 | 10 | 0.40% |
| Total | <u>1,921</u> | | <u>7.66%</u> | <u>2,660</u> | | <u>8.61%</u> |

Source: City surveys of employers

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

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

| <u>Function/Program</u> | <u>Full Time Equivalent Employees as of September 30</u> | | | | | | | | | | |
|------------------------------|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | |
| General Government: | | | | | | | | | | | |
| Administration | 8.00 | 8.00 | 9.50 | 9.50 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 9.5 |
| Human resources | 3.00 | 3.00 | 3.75 | 4.00 | 4.00 | 4.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4 |
| Information technology | 2.00 | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.23 |
| Tax | 2.65 | 2.65 | - | - | - | - | - | - | - | - | 0 |
| Finance | 6.50 | 6.50 | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 7 |
| Economic development | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3 |
| Non-Departmental | 1.50 | 1.50 | 1.77 | 1.50 | 1.50 | 1.50 | 0.77 | 2.27 | 2.27 | 2.27 | 2.27 |
| Government center | - | - | - | - | 1.50 | 1.50 | 2.50 | 2.50 | 2.50 | 2.50 | 3 |
| Public Works: | | | | | | | | | | | |
| Streets & drainage | 13.00 | 13.33 | 12.25 | 15.33 | 13.58 | 13.58 | 14.25 | 14.25 | 14.25 | 14.25 | 15.25 |
| Fleet maintenance | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3 |
| Water & sewer | 35.96 | 36.96 | 39.15 | 41.65 | 43.65 | 43.65 | 43.65 | 43.65 | 43.65 | 43.65 | 41.15 |
| Public Safety: | | | | | | | | | | | |
| Police | 67.80 | 73.80 | 81.20 | 83.00 | 84.00 | 84.00 | 86.10 | 87.40 | 87.40 | 87.40 | 88.1 |
| Police (community services) | - | - | - | - | - | - | - | - | - | - | 0 |
| Animal control | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2 |
| Fire | 54.00 | 58.00 | 63.00 | 65.00 | 69.00 | 78.00 | 78.00 | 78.00 | 78.00 | 78.00 | 78 |
| Municipal court | 5.00 | 5.00 | 6.80 | 6.80 | 7.30 | 7.30 | 6.80 | 7.93 | 7.93 | 7.93 | 6.8 |
| Code enforcement | 8.00 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 | 8.00 | 9.00 | 9.00 | 9.00 | 9 |
| Animal shelter | 8.66 | 8.66 | 7.66 | 9.63 | 9.63 | 9.63 | 9.63 | 9.63 | 9.63 | 9.63 | 10.53 |
| Community Services: | | | | | | | | | | | |
| Parks | 24.66 | 24.66 | 22.35 | 22.35 | 26.40 | 26.40 | 26.40 | 26.40 | 26.40 | 28.40 | 26.4 |
| Community development | 5.98 | 5.23 | 4.64 | 5.89 | 6.79 | 6.79 | 6.79 | 6.79 | 7.79 | 7.79 | 7.79 |
| Recreation | 9.71 | 9.71 | 9.98 | 9.98 | 10.25 | 10.25 | 10.50 | 11.50 | 11.50 | 11.50 | 10.5 |
| Recreation center | 17.96 | 17.96 | 22.00 | 21.00 | 21.50 | 21.50 | 22.50 | 23.00 | 23.00 | 23.00 | 23.84 |
| Library | 9.62 | 10.27 | 11.49 | 11.48 | 11.48 | 11.48 | 10.48 | 10.72 | 10.72 | 10.72 | 12.72 |
| Planning | 3.00 | 3.00 | 4.75 | 4.00 | 4.00 | 4.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4 |
| Neighborhood services | 0.25 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1 |
| Total City Employees: | 295.25 | 309.23 | 328.04 | 339.86 | 353.33 | 362.33 | 362.12 | 370.79 | 373.79 | 373.08 | |

Source: Annual Budgets

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

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

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

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

The Non-departmental position was not created until 2002.

The Information Technology department was not created until 2003.

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

The Neighborhood Services department was created in 2004.

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

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

The Government Center positions were created in fiscal year 2009.

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

| <u>Function/Program</u> | <u>Fiscal Year</u> | | |
|---|--------------------|-------------|-------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| General Government: | | | |
| Information Technology | | | |
| Installed Employee Desktop Computer Systems | 25 | 60 | 51 |
| Onsite Problem Calls | 500 | 700 | 675 |
| Vendor visits/Product Evaluations | 150 | 200 | 200 |
| Public Works: | | | |
| Streets & Drainage | | | |
| Number of street lights | 2,053 | 2,355 | 2,555 |
| Water & Sewer | | | |
| Number of water consumers | 14,680 | 14,786 | 14,786 |
| Average daily water consumption (millions of gallons) | 5.9 | 8.3 | 7.2 |
| Maximum storage capacity (millions of gallons) | 18.0 | 18.0 | 18.0 |
| Number of sewer connections | 12,574 | 12,922 | 12,922 |
| Public Safety: | | | |
| Police | | | |
| Index crimes, by calendar year | 1,550 | 1,553 | 1,439 |
| Index crime rate per 100,000, by calendar year | 3,791.5 | 3,631.9 | 3,224.4 |
| Percent index crimes cleared, by calendar year | 21% | 23% | 23% |
| Number of reserve police officers | 6.00 | 4.00 | 4.00 |
| Fire | | | |
| Calls for service - Fire & EMS | 4,075 | 4,280 | 4,830 |
| Municipal Court | | | |
| Number of cases filed | 6,934 | 8,210 | 8,762 |
| Number of cases closed | 6,098 | 7,008 | 8,369 |
| Number of cases appealed | 222 | 268 | 322 |
| Number of warrants issued | 2,407 | 3,893 | 2,441 |
| Code Enforcement | | | |
| Building permits issued | 778 | 828 | 612 |
| Total dollar value of permits issued | 104,469,980 | 159,250,091 | 172,408,265 |
| Animal Shelter | | | |
| Number of incoming animals | 4,689 | 4,709 | 5,777 |
| Number of lost pets returned to owners | 720 | 758 | 869 |
| Number of animals adopted out | 826 | 811 | 756 |
| Number of animals euthanized | 2,382 | 2,526 | 3,122 |
| Number of animals transferred or rescued | 631 | 522 | 641 |

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

| Fiscal Year | | | | | | |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| 230 | 250 | 34 | 53 | 50 | 55 | 385 |
| 1,500 | 1,000 | 3,750 | 3,700 | 3,000 | 3,200 | 3,200 |
| 500 | 350 | 10 | 10 | 15 | 17 | 17 |
| 2,659 | 2,670 | 2,705 | 2,777 | 2,777 | 2,618 | 2,639 |
| 14,791 | 15,188 | 15,283 | 15,186 | 15,236 | 15,438 | 15,427 |
| 8.2 | 8.5 | 8.4 | 9 | 8 | 8 | 10 |
| 18.0 | 18.0 | 18.0 | 18 | 18 | 18 | 18 |
| 13,550 | 13,791 | 13,873 | 13,874 | 13,956 | 14,102 | 14,071 |
| 1,635 | 1,814 | 1,846 | 1,720 | 1,752 | 1,593 | 1,531 |
| 3,542.6 | 3,902.8 | 3,955.0 | 3,673 | 3,741 | 3,402 | 3,341 |
| 19% | 29% | 29% | 32% | 39% | 34% | 35% |
| 4.00 | 3.00 | 3.00 | 3 | 3 | 3 | 3 |
| 5,022 | 5,193 | 5,221 | n/a | n/a | n/a | 6,077 |
| 7,552 | 6,983 | 6,419 | 7,472 | 6,204 | 7,188 | 7,450 |
| 5,995 | 7,061 | 6,165 | 8,142 | 6,566 | 7,193 | 6,229 |
| 282 | 214 | 345 | 345 | 126 | 126 | 97 |
| 3,953 | 3,616 | 2,752 | 5,056 | 3,211 | 3,410 | 4,218 |
| 578 | 432 | 491 | 404 | 415 | 482 | 520 |
| 83,105,685 | 28,441,102 | 33,687,160 | 22,611,850 | 19,898,425 | 102,991,772 | 38,018,194 |
| 5,243 | 5,208 | 5,380 | 4,909 | 5,300 | 4,784 | 4,694 |
| 811 | 781 | 785 | 769 | 790 | 749 | 704 |
| 758 | 923 | 797 | 724 | 830 | 741 | 932 |
| 3,068 | 2,888 | 2,757 | 2,500 | 2,305 | 1,931 | 1,905 |
| 524 | 796 | 927 | 777 | 800 | 722 | 899 |

**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> | | | | | | | | | |
|--|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
| Public Works: | | | | | | | | | | |
| Streets & Drainage | | | | | | | | | | |
| Paved streets (miles) ^a | 205 | 206 | 209 | 210 | 210 | 216 | 217 | 218 | 218 | 218 |
| Graded streets (miles) | 3 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Paved alleys (miles) | 41 | 41 | 41 | 42 | 42 | 42 | 42 | 42 | 42 | 42 |
| Storm sewers (miles) ^a | 64 | 66 | 67 | 70 | 71 | 74 | 76 | 76 | 76 | 77 |
| Water & Sewer | | | | | | | | | | |
| Water mains (miles) ^a | 247 | 268 | 270 | 280 | 282 | 279 | 279 | 273 | 278 | 279 |
| Storage capacity (millions of gallons) | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Sanitary sewers (miles) ^a | 201 | 225 | 225 | 245 | 247 | 214 | 215 | 214 | 214 | 214 |
| Public Safety: | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 |
| Fire | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 |
| Animal Shelter | | | | | | | | | | |
| Buildings | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community Services: | | | | | | | | | | |
| Parks | | | | | | | | | | |
| Acreage | 596 | 596 | 667 | 686 | 686 | 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 | 18 | 18 | 19 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Community/senior center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library | | | | | | | | | | |
| Number of libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Sources: City Departments

Notes:

^a

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